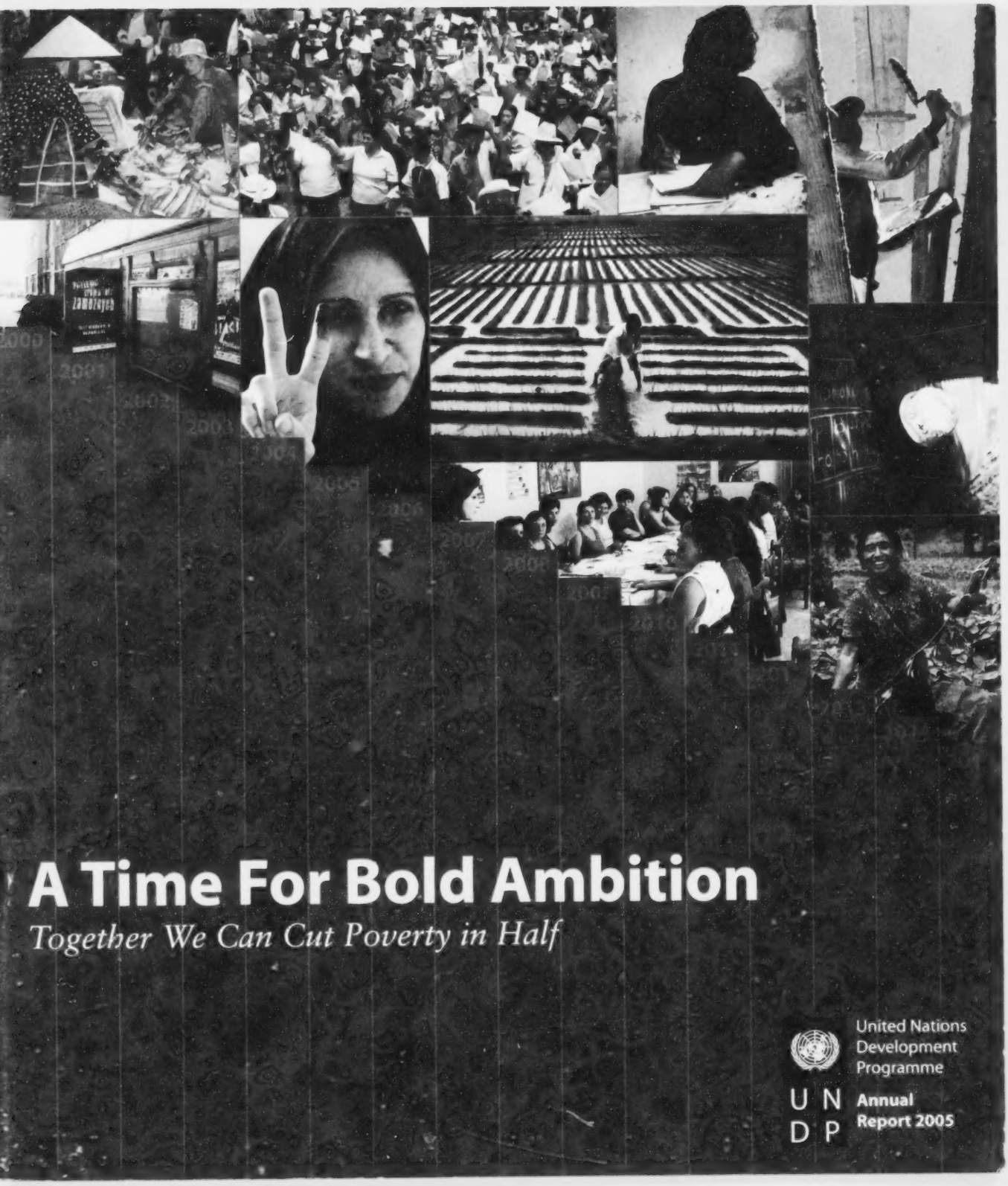

A Time For Bold Ambition

Together We Can Cut Poverty in Half

United Nations Development Programme

UNDP **Annual Report 2005**

UNDP is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. We are on the ground in 166 countries, working with them on their own solutions to global and national development challenges. As they develop local capacity, they draw on the people of UNDP and our wide range of partners.

Covers: If the world reaches the Millennium Development Goals (MDGs) by 2015, more than 500 million people will leave extreme poverty behind, and live longer, healthier and more educated lives. The eight MDGs emerged from the 2000 UN Millennium Summit and represent a commitment by governments to make rapid progress on basic development issues by 2015. The first goal calls for eradicating extreme poverty, defined as living on less than US$1 per day, and includes a target of halving extreme poverty in half by 2015.

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The Most Noble Endeavour

In this my last Annual Report as the Administrator of the United Nations Development Programme (UNDP), I can look back on the six best years of my professional life. This is because of my UNDP colleagues, who daily work with governments and their people to help address the most pressing challenges of our time: tackling extreme poverty, and promoting human development and the attainment of a more just, safe and prosperous world for all.

When I became Administrator in July 1999, despite the distinguished history of our organization and its dynamic role and wealth of experience across the developing world, we faced severe financial and organizational challenges. Together we have accomplished the most comprehensive reform of any UN agency in recent history. Major changes have been secured in the direction of the funding situation, with total resources significantly increasing from US$2.4 billion in 2000 to $4 billion in 2004. And as an organization we have become known as a catalyst for change, deploying our unique assets smartly; as a repository of development knowledge and best practices; and as a premier adviser, advocate and champion of people-centred development.

With the 2000 Millennium Declaration and the Millennium Development Goals (MDGs)—which UNDP has done so much to promote and mainstream into development thinking, as well as broader political and civil society—we have seen extraordinary advances in the development community, with an unprecedented global agenda to eradicate extreme poverty and hunger. With the MDGs, developing countries have a clearer focus and targets for the policy reforms they are undertaking to meet their side of the global bargain, including the prioritization of poverty reduction, the promotion of democratic governance and the rule of law, and the fight against corruption.

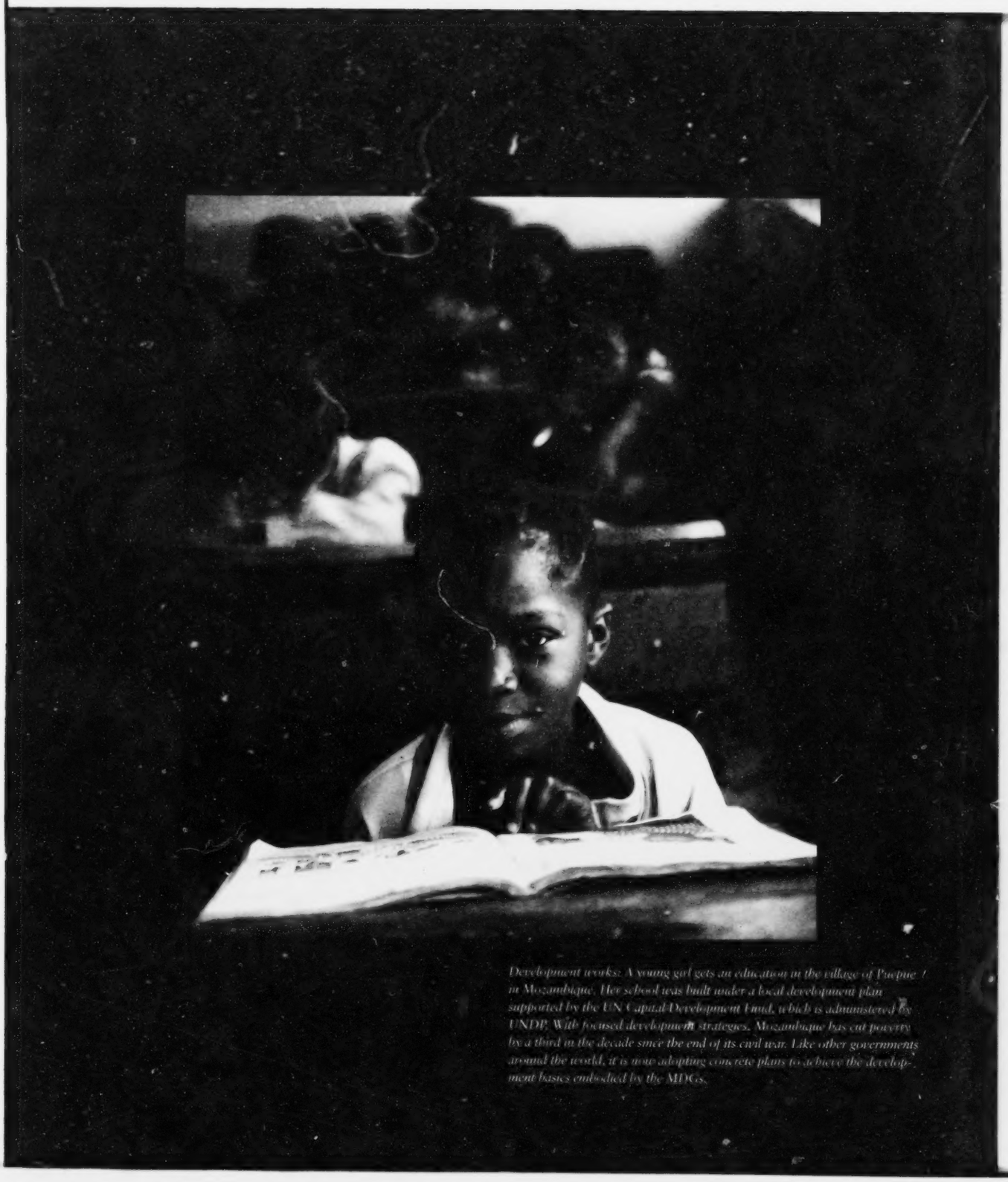
In December 2004, Malloch Brown travelled to Yemen as the Chair of the UN Development Group (UNDG) and Administrator of UNDP. He visited UNDP projects to support local governance and a school assisted by the World Food Programme, a UNDG agency. Food rations have encouraged more parents to send their children to class.

And for donor countries, where just a few years ago development was viewed as a low political priority, today the MDG agenda is at the centre of mainstream politics. This has been driven, in part, by new campaigning activities, which have seen the MDGs move from being just one more declaration of another UN meeting, to being the development framework for the next decade.

UNDP, as well as the UN Millennium Campaign and UN Millennium Project, which UNDP hosts, has played an important role in advancing the MDG agenda—but the work continues. The year 2005 offers world leaders a unique opportunity to take decisive action at the UN Summit to review the Millennium Declaration and the MDGs to ensure the MDGs are achieved by 2015, as well as to drive through the achievement of the goals at country level. For UNDP, the consolidation of the UN Resident Coordinator system, the further professionalizing of our practices and knowledge management networks, as well as the effective establishment of regional centres, remain some of the challenges we face. I know the new UNDP Administrator, Kemal Dervis, will take on these challenges with exceptional passion and commitment. He brings with him a wealth of valuable experience: 22 years of service at the World Bank, before being chosen as Minister of Finance in the Turkish Government, where he led a historic restructuring of the economy and its debt while innovatively seeking to mitigate the impact on the poor. With experience in international development operations, as well as knowing the help a country needs from UNDP and others, I am fully confident that he will prove to be a superb leader, both for UNDP internally, and for the attainment of the MDGs globally.

There is no more noble endeavour than the fight for social and global justice, and for peace and development. As I end my time at UNDP, I am proud to have worked for an organization committed to putting these ideals into practice.

Mark Malloch Brown
Administrator



Development works: A young girl gets an education in the village of Pueque I in Mozambique. Her school was built under a local development plan supported by the UN Capital Development Fund, which is administered by UNDP. With focused development strategies, Mozambique has cut poverty by a third in the decade since the end of its civil war. Like other governments around the world, it is now adopting concrete plans to achieve the development basics embodied by the MDGs.

2015: Ten Years to Change the World

Imagine a world where every child eats. Where everyone votes. Where every home enjoys clear water. Where no unemployed youth picks up a weapon instead of a future. This is the world of the MDGs. It is within our reach.

In 2000, at the Millennium Summit, all 191 UN Member States signed the Millennium Declaration, an agreement on the common values of peace and security, the protection of human rights, and the basic dignity of decent living standards for all peoples. Drawing upon the Declaration, the eight MDGs subsequently embedded these values in an ambitious global development agenda. With a deadline of 2015, countries would work together on specific targets to reduce poverty, and cut the roots of inequity and instability.

Since 2000, individual countries and the global community have come far in determining what the goals require. By 2005, with only 10 years left on the timeframe of the MDGs, we seem poised for rapid advancement. Governments have intensified their efforts to put in place the right plans, policies and resources to achieve the goals, following a decade of global progress that has seen child mortality rates fall and life expectancies rise. And an emerging understanding of the inextricable links between a developed world and a safe one heralds a time of unprecedented global partnerships among governments, international institutions, the private sector and civil society organizations. In this climate of growing solidarity, a grand bargain has begun to emerge. It pairs two great human desires—for peace and prosperity—into one universal need for collective human security.

"A world mired in poverty cannot be a world at peace."

Kofi Annan, Secretary-General of the United Nations

Global Momentum

Now is the time to strike this bargain, because in 2005, the world faces a historic opportunity to do so. It is the year of the UN's five-year review of the Millennium Summit, one of a series of events spurring momentum on global issues, including the MDGs. These run from the Group of 8 meeting in Gleneagles, Scotland to the World Trade Organization's next ministerial talks.

The UN itself has spearheaded a series of landmark reports that chart the ways to achieve shared global prosperity and a safer world for all, starting in late 2004, when the UN High-Level Panel on Threats, Challenges and Change comprehensively assessed global security issues in *A More Secure World: Our Shared Responsibility.* The UN Millennium Project's visionary *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals* followed in early 2005. The UN Secretary-General brought the key conclusions of both together in his report for the Millennium Summit review, *In Larger Freedom: Towards Development, Security and Human Rights for All.* It also delves into the reform of the United Nations, on a scale not seen since the founding of the organization.

already reached the longstanding target of allocating 0.7 percent of gross national product, which was reaffirmed in the 2002 Monterrey Consensus, the agreement forged by the International Conference on Financing for Development. Another group has agreed to go even further by setting the bar at one percent. In some corners, there is talk of a new Marshall Plan. Debt relief to the tune of US$54 billion has been committed under the Heavily Indebted Poor Countries Initiative, and impetus has grown around reforming world trade to build a more open and equitable system. The ranks of donor countries have swelled in recent years with the addition of the Eastern European and some rapidly progressing developing countries. Nations in the global South are pioneering models of development cooperation among themselves that could prove to be a tipping point in achieving the MDGs.

Looking around the world today, we know that development can work. In fact, at a moment of widely available technology, practical solutions, affordable costs and political consensus, development can work better than ever before. Stretched across all countries, the MDG agenda is a large one, but in an interconnected world, it is the only desirable one.

"If we fail against hunger and poverty, what else could bring us together?"

Luiz Inácio Lula da Silva, President of Brazil

The backdrop to these and other events is that we live in the midst of a profound global opening to the recognition that conditions in the rest of the world matter, ethically, economically and in security terms. If we refuse to take action, one person's poverty is, in a sense, the impoverishment of us all. Just as security threats, whether from war or infectious diseases, so easily ripple across continents.

This awareness of our interdependence has spread among world leaders, across the covers of international news magazines, and in the hearts of the millions of people who watched the horror of the tsunami in December 2004 and initially outpaced even governments in the volume of their contributions. It has helped rally new global and national advocacy networks determined to fight poverty by connecting the formidable strengths of existing social justice campaigns as well as labour unions and religious groups. It has prompted governments to reorient discussions on development from what can be done at current rates of progress to what must be done to achieve the MDGs.

Among donor countries, official development assistance (ODA) continues a steady climb upward. Five countries have

Embracing the Future

In fighting poverty and seeking to build stable nations, some developing countries are already making the most of domestic resources, and could absorb a massive infusion of new resources—whether from ODA, debt relief or trade, in line with the notion of global partnership spelled out in the MDGs. These funds could shore up fledgling democracies, jumpstart public services, reinvigorate entire economies, and put these countries in a position to reach the goals by 2015. In countries with a proven record of managing their development well, international donors are already putting more money directly into national budgets, rather than scores of individual donor-run projects. This is a step that supports national initiatives, reduces administrative burdens and signals a time of more equitable international collaboration.

But the starting point is different for many nations with large percentages of their people living in extreme poverty. They run up against a very basic constraint: they are unable to effectively manage existing resources to reach the MDGs, much less new ones. Their challenges are deeper, yet they must not be left behind.

At UNDP, from our presence on the ground in 166 countries, we know that development has a chance even in the most difficult situations—with the right forms of support. Above all, these must target the fundamentals of well-governed, equitable societies. When people lack jobs, education and a voice in shaping the conditions under which they live, they lack the capacities to contribute to a healthy and prosperous nation. When countries are cut off from the world economy, struggling with the loss of workers to HIV/AIDS, governed by weak institutions and mired in debt, they lack the capacities to create a working state. If conflict results, all development problems inevitably worsen. The cycle is a vicious one, and once it starts, hard to control.

A different scenario can unfold if countries can start to reverse these constraints and unleash the potential of their people, institutions and natural resources. In doing so, they begin constructing a platform for reaching the MDGs. As a leading advocate for the goals and as the UN's global network for development, UNDP helps bring countries and the international community together to take these efforts forward. Working with existing national plans and poverty reduction strategies, we assist countries with formulating practical 10-year MDG strategies that aim for scale and innovation. These identify financing gaps, assess needs for policies and institutions, commit to improving governance and public administration, and prioritize social services.

UNDP then helps countries connect to the knowledge, resources and partnerships they need to implement these plans, whether the issue is building better statistical systems or hooking up electricity grids, sound policy design or cooperation with civil society. Once this process begins, so does development with a real chance to improve national prospects and people's lives.

In Kosovo, UNDP has worked closely with local communities, supporting their efforts to restore stability by repairing damaged infrastructure and creating jobs. Women in one village pitch in to dig drainage channels, a sign of their investment in the return to peace.

The Millennium Development Goals

Goal 1: Eradicate extreme poverty and hunger
Goal 2: Achieve universal primary education
Goal 3: Promote gender equality and empower women
Goal 4: Reduce child mortality
Goal 5: Improve maternal health
Goal 6: Combat HIV/AIDS, malaria and other diseases
Goal 7: Ensure environmental sustainability
Goal 8: Develop a global partnership for development

The Right Choice

The last decade, with its booming global economy, has offered unparalleled opportunities for people in every region—from Asian economic successes to the steady growth rates taking hold in some African countries. More than at any prior time in history, it has also been a decade of democracy—1.4 billion more people now enjoy the right to choose their government. The recent stirrings of political reform in the Middle East offer room for more optimism, as do the calls in Latin America for deepening democracy to deliver more equitable development.

Hopeful as these changes are, they must accelerate in ways that allow many more people to reap their benefits. With 10 years to go on the MDGs, over a billion people still live in extreme poverty. Widening economic disparities offer cause for concern both among and within countries. Dozens of nations suffer some form of conflict, with fragile states the first to fall prey to widespread discontent expressed through confrontation and violence.

Internationally and nationally, the struggle to reduce poverty and tame instability has always been intensely political. It is also a choice. In 2005, more resources and more political will, heightened public interest and greater national ambition are all great new signs that the world will make the right choice. For both the poorest and the richest people and countries, the MDGs offer a roadmap for our common future, a tool for quickened and meaningful change.

The UN Millennium Project: A Practical Plan to Achieve the MDGs

In 2002, given the job of devising a plan of action for achieving the MDGs, the UN's Millennium Project started by thinking big: complete fulfillment of the goals by every country. And then it asked an equally big but basic question: how? In 2005, the project presented three years of research in a comprehensive report that may rank as one of the most far-reaching, revolutionary proposals for development in many years. It concludes that the goals are achievable and affordable—with fast and committed action—and it lays out scores of cost-effective strategies for radically improving the lives of at least a billion people living in poverty by 2015.

On behalf of the UN Development Group, UNDP sponsored the report, which was commissioned by the UN Secretary-General, and designed for widespread dissemination and use in national development strategies throughout the world. *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals* drew upon the contributions of over 250 development experts, who participated in the Millennium Project under the leadership of the renowned economist Jeffrey Sachs. Ten task forces drafted detailed accompanying reports on core MDG issues, such as hunger, environmental sustainability, and the application of science and technology to development. Extensive consultation across the UN, the international financial institutions, donor and developing country governments, civil society and regional organizations helped hone the Millennium Project's final 10 key recommendations. These represent, to a large extent, the broad consensus of the development community.

"Until now, we did not have a concrete plan for achieving the Millennium Development Goals. The experts who contributed to this huge undertaking have shown without a doubt that we can still meet the goals—if we start putting this plan into action right now."

Jeffrey Sachs, Director, UN Millennium Project

Investing in Development is about ambitious ideas. It issues a rallying cry to break free from taking limited capacities and resources for development as a given. Instead, countries and the international community must determine what they need to do together to achieve the goals and calculate what resources will be required.

Investing in Development is also about urgent action. The report proposes "quick wins" that can be carried out now—such as eliminating public school fees and providing electricity to all hospitals. It also looks at what must be put in place immediately to sustain development over the medium and long term. This starts with core investments in infrastructure to benefit the poor, such as safe water and fertile soil, and in human capital, such as through a functioning health system and the provision of technical skills. To assure universal access to these investments, people must have a full guarantee of political, economic and social rights.

Perhaps most importantly, *Investing in Development* is about practicalities. Analysing what holds countries back on the MDGs, it also maps out what they need to do to move forward, examining different combinations of increased capacity, public policies and resources. It provides a method for developing countries to assess steps to reach the MDGs, and recommends the integration of this information into poverty reduction strategies structured around the goals. The report argues for a jump in development assistance to those countries that are ready to scale up investments, and for aligning trade policies and debt relief with the goals. Special consideration should be granted to supporting those countries that remain stuck in the kind of "poverty trap" that cannot be overcome by good policies and governance alone.

After the launch of *Investing in Development*, presidents and prime ministers, heads of international agencies and representatives of non-governmental organizations (NGOs) welcomed its conclusions, and the media, from Al-Jazeera to the *Financial Times*, broadcast its main themes to global audiences. The UN Secretary-General's report *In Larger Freedom: Towards Development, Security and Human Rights for All* drew extensively upon the Millennium Project's research, recommending *Investing in Development* as an action plan for achieving the MDGs.

Individual countries are now building on the report's recommendations, many of which are based on experiences in seven countries where the Millennium Project and UN Country Teams have assisted governments in preparing MDG-based poverty reduction strategies: the Dominican Republic, Ethiopia, Ghana, Kenya, Senegal, Tajikistan and Yemen. UNDP will play a major role in supporting countries to pursue this work, through our leadership within the UN development system and across our own programmes around the world.

Financing the Goals in Ghana

Some of the central MDG issues involve determining how much achieving the goals will cost and where the right resources will come from. In Ghana and four other countries, the UN Millennium Project worked closely with national research organizations on MDG assessments that quantify required annual public investments and gaps in domestic resources.

Projected amounts in 2003 US dollars per capita

MDG investment needs	2006	2010	2015
Hunger	3	5	12
Education	17	19	22
Gender equality	2	3	3
Health	18	24	34
Water supply and sanitation	6	7	10
Improving the lives of slum dwellers	2	2	3
Energy	13	15	18
Roads	11	10	10
Total MDG investment needs*	**80**	**94**	**124**
Total domestic resources	**28**	**38**	**54**
MDG financing gap	52	57	70

Note: Numbers in table may not sum to totals because of rounding.

*Includes MDG interventions not yet factored into needs assessment, such as large transportation projects, higher education, and environmental sustainability.

Source: *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals*, 2005.

Ethiopia: Assessing Costs and Actions

Africa's oldest independent country endured decades of war, drought and famine, and when peace finally came a decade ago, development priorities were numerous and complex. Even though the Ethiopian Government has been hard at work on many fronts since then, when the MDGs were first introduced, they seemed expensive and out of reach. Nevertheless, in 2002 the government embraced the goals as a long-term vision in crafting its first poverty reduction strategy paper, its primary policy document for development planning.

To help carry these efforts forward, the Millennium Project began working with the government on a pilot programme to study how to integrate the MDG targets across public policy planning. Doing so would allow Ethiopia to plot a comprehensive course of actions needed to reach the targets, and manage national and international resources accordingly.

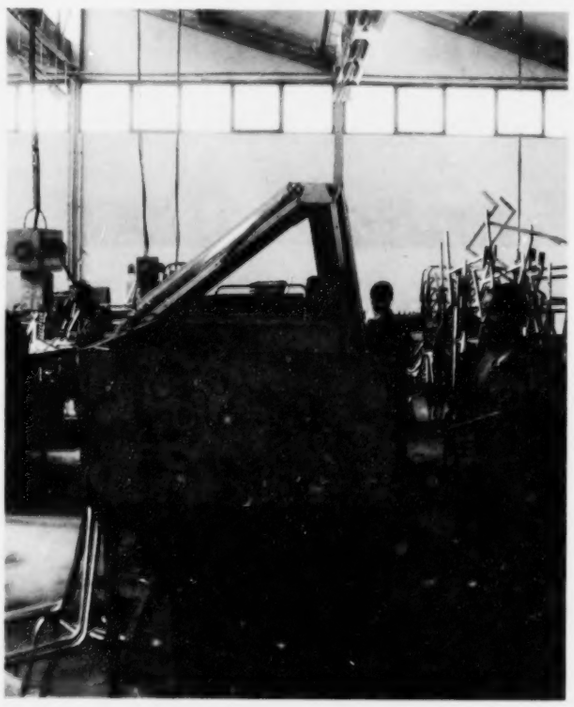
The pilot began within government ministries and departments, where Ethiopian officials worked on drawing up assessments of what specifically was needed in each sector to achieve the MDGs, from education to HIV/AIDS. They were backed by a well-coordinated UN Country Team, which assigned staff from each agency to meet regularly with other development partners in the Development Assistance Group, co-chaired by UNDP and the World Bank.

The group offered ongoing technical advice, for example, on different ways to determine the costs of public programmes, including those identified by the Millennium Project. It decided that UNDP should manage a pooled fund set up to support research and other activities. And the MDG Task Force, chaired by the government and comprising the UN Country Team and the World Bank, launched an MDG advocacy campaign to raise public awareness and engagement. It reached out to parliamentarians, the media, local artists and students; blanketed the country with MDG posters; and sponsored plays and songs on the goals. A series of workshops solicited the contributions of civil society to the assessments, while an MDG Report on progress to date was translated into local languages and widely disseminated across the country.

A report compiling all of the information from the assessments was completed in 2005. For the first time, it provides a clear and thorough picture of the financial and human resources as well as infrastructure that Ethiopia will need to achieve the MDGs. Spending on some issues will have to multiply many times over—fivefold in the case of health and education. Donors may need to consider new uses for the disproportionate percentage of external funds still going into short-term humanitarian aid, even though Ethiopia has turned increasingly towards longer-term development efforts.

Ethiopia is incorporating the results of the assessments into its next poverty reduction strategy paper, which will come on line in 2006, and the Task Force is working with different ministries on ways to monitor the strategy in line with the MDGs. In the near future, the Ethiopian Government will be able to turn to this information both for more effectively guiding its own resources, and for making a convincing case for scaled-up donor support. The UN Country Team will use the assessments as the basis for joint development programming.

Prime Minister Meles Zenawi recently called the MDGs "practical and achievable," a reflection of the government's willingness to invest in strategies to attain the goals. Ethiopia, one of the poorest countries in the world, has a long journey to 2015. But its work on the MDGs is building the skills, resources and commitment to get there.



Ethiopia is using MDG-based planning to determine its development priorities and how to finance them. Reaching the goals will require both public and private sector contributions. An example of the latter is the manufacturing of clean, ethanol-burning stoves that an Ethiopian company hopes will aid in reducing deforestation.

Monitoring Progress, Mapping Future Directions

To support countries in planning their development, including through alignment with the MDGs, UNDP backs two series of reports that focus on countries and regions: MDG reports and National Human Development Reports (NHDRs). The MDG reports, prepared by UN Country Teams, offer short statistical summaries of progress and forecasts on the goals as well as their related targets and indicators. The NHDRs, a flagship series of UNDP publications, provide more detailed analysis on a range of development trends and policy options. Both reports highlight national experiences in ways that can filter into global MDG advocacy—points of connection that spread knowledge about possibility and progress.

More than 115 countries and regions have now produced MDG reports. Some employ targets and indicators that reflect national circumstances. In 2004, Peru's report examined economic growth rates and called for strong policies to reduce income inequities, which threaten progress on poverty, education, and child and maternal mortality. Lebanon presented a Living Conditions Index that is a clearer measurement of national levels of deprivation than global poverty indicators. Namibia found it is close to achieving universal primary education, but HIV/AIDS remains a formidable challenge. Since Thailand has already arrived at some of the goals, it proposed a series of MDG-plus targets on education, health, gender equality and the environment. It has also produced a separate report on Goal 8, on global partnership.

UNDP's award-winning NHDRs look at development through the lens of the widely influential human development concept pioneered by the annual global Human Development Report. Human development calls for putting people at the centre of development, and expanding their basic choices and capabilities to live with freedom and dignity. More than 500 NHDRs have been produced by 143 countries, in addition to 28 regional reports. They emphasize broad participation in their preparation, involving governments, academics, civil society organizations and other partners, usually under the leadership of national institutions or individuals. The reports explore new and sometimes controversial subjects that attract public interest and prompt action.

Egypt's 2004 NHDR focuses on decentralizing development planning in one of the world's mostly highly centralized countries. It follows earlier reports examining variations in development across 451 local communities; these assisted the government in setting up new programmes to improve access to basic goods and services in 58 of the poorest areas. Bolivia's most recent report studies social tensions arising from a still uncomfortable integration with the global economy and urges closer attention to national cultural concerns. A sub-national report from the state of West Bengal in India traces how land reform and decentralization policies led to steady development over decades, but the state is now struggling to fit into India's national economic boom. It lays out a human development plan emphasizing employment and literacy.

The 2004 edition of the well-known Arab Human Development Report, the third in a series, calls for a rapid acceleration of democratic reform in the region. It features specific proposals for new regional human rights institutions, stronger and freely elected legislatures, and independent judiciaries. Bosnia and Herzegovina's latest report provides an in-depth analysis of the MDGs. The team of authors drafting the report worked closely with officials preparing the national poverty reduction strategy paper, which resulted in the integration of 70 percent of the localized MDG indicators proposed by the report within the national plan.

> "The Human Development Report in Bolivia has become, for several years now, an indispensable navigation chart to understand where we are, the set of our challenges, and the direction in which we may advance."
>
> *Carlos D. Mesa Gisbert, President of Bolivia*

Both the MDG reports and NHDRs are measures of UNDP's ongoing dedication to supporting intellectual leadership on development, and informed discussions that countries and regions may need to carry out as a jumping-off point for future progress. By providing practical data and analysis, the reports also offer important resources that people can use to translate ideas into reality.

Seizing Opportunities

If the world achieves the MDGs…

500 million people will no longer live in extreme poverty

300 million people will no longer suffer extreme hunger

350 million more people will drink safe water

30 million more children will live beyond their fifth birthdays

2 million more women will survive childbirth

How will UNDP help countries do it?

By developing capacity, sharing knowledge, working in partnerships
and advocating that we work together to reach the MDGs

We connect people to better lives through our…

Global leadership

National engagement

Cutting-edge practices

Global networks

Reputation as a trusted partner

Capacity Development: Where Transformation Begins

The capacity to plan and manage in order to achieve human development is the key that will unlock the door to the MDGs. Most developing countries face some degree of capacity constraints, from deficits in skilled personnel to overly complex legal structures to weak institutions. All forms of capacity overlap. Skillfully managed, they can take a country forward. If not, they will almost definitely hold it back, even if resources for development increase.

For decades, UNDP has been a leader in supporting countries as they enlarge their capacities on many fronts. Capacity development is now central to our role in assisting countries in their efforts to achieve the MDGs. Across our five practices, we help countries lay the groundwork for the kind of long-term, pro-poor progress that yields effective results and an even distribution of benefits.

The range of our capacity development services is broad. They include fiscal policy diagnostics, MDG costing exercises, the integration of HIV/AIDS strategies across development plans, and the training of local officials to improve the delivery of basic public services. In more than 60 countries, we support governments that are orienting medium-term national poverty reduction strategies around the more long-term MDGs. We also help identify and assist local best practices that can contribute to comprehensive and meaningful national policies.

In post-conflict countries, we are on the ground before, during and after crisis occurs. Our technical support assists governments and the international community in conducting the needs assessments that determine early infusions of resources critical to restoring stability. We provide training and transitional staffing to help interim governments start functioning, and help put in place the right governance, economic and legal reforms.

Identifying and working with countries on capacity weaknesses can be sensitive tasks, and for this, we can draw upon our legacy as a trusted development partner, and our close relationships with counterparts at many levels. All of our work is backed by the best and most recent research, and the routine exchange of experiences from our knowledge networks, which span the globe.

Afghanistan: A Country Rebuilds a Government

The UN and UNDP played prominent roles in supporting Afghanistan's 2004 presidential election, along with partners such as the European Commission, the United Kingdom and the United States. At UNDP, the Afghan Elections Project became the largest of its kind carried out in recent years. More than 9,200 registration teams scoured even the remotest regions for eligible voters, and 27,000 polling stations were set up, including in neighbouring Iran and Pakistan to reach Afghan refugees. Massive civic education campaigns spread messages about the importance of voting, and when the day finally came, marking Afghanistan's first election after two decades of war, more than eight million Afghans showed up to contribute their vote and their voice to the future. None of this would have been possible without the determination of Afghans themselves.

Behind the scenes, UNDP has been equally hard at work in helping Afghanistan put in place a government that works for the people. It needs the strength and stability to pull together a deeply poor country only just emerging from years of devastating conflict and misrule, much less to aim for the MDGs. Most skilled Afghans fled to safer places long ago, the education system is years away from replacing them, and from furniture to communications systems to data, the resources of the fledgling government at first bordered on non-existent.

An early UNDP initiative in 2001 was to organize an interim trust fund to pay the salaries of the civil service immediately after the fall of the Taliban. Recognizing that foreign aid was essential to the country's recovery, and at the request of the government, we then brought in an international aid coordination adviser to help manage the inflow of external resources during this transition period. This was critical to ensuring that sudden influxes did not overwhelm fragile government structures, and that the resources could be used in ways that would inspire public confidence.

By late 2003, the government was able to integrate aid coordination within its new Ministry of Finance, where it can more readily manage the use of these resources through the

UNIFEM: Women's Rights to Property

Jannat is a Kyrgyz widow who is bringing up eight children on her own. To support her family, she decided to rent land to grow rice and cotton, but did not know how to go about it. Having heard about the free legal advice available under UNIFEM's project on land rights in Kyrgyzstan and Tajikistan, she turned to a lawyer who helped her become a legitimate tenant and knowledgeable about her rights.

Countries in the Commonwealth of Independent States (CIS) are at different stages of introducing private land ownership, with Kyrgyzstan one that has made progress on land rights. Women like Jannat, however, are often neglected in the process. The United Nations Development Fund for Women (UNIFEM), which is administered by UNDP, is working to ensure that new policies and laws related to land reform empower women and widen their economic opportunities. Particular focus lies on raising the awareness and capacity of rural women as well as local governments through media campaigns and legal clinics.

In seminars throughout Kyrgyzstan, for example, more than 2,000 women and 204 local authorities were briefed on land and property ownership issues, and some 12,000 people consulted legal advisers. Based on the information collected during the law clinics, UNIFEM then helped legal experts formulate amendments to the existing Law on Land Management, which were submitted to Parliament in 2004. Tajikistan recently signed into law amendments to its Land Code that reflect the needs of women.

Guaranteeing women's and girls' property and inheritance rights is one of the strategic priorities set out by the Millennium Project to meet the MDG on gender equality and women's empowerment. UNIFEM also worked worldwide in 2004 within the overall framework of the goals to amplify capacities for enhancing women's rights and opportunities. A five-country pilot initiative in Cambodia, Kenya, Kyrgyzstan, Morocco and Peru, executed for UNDP, aims at demonstrating the centrality of integrating gender equality across national development plans related to the MDGs. The project also looks for ways to strengthen gender-sensitive monitoring and reporting on the goals.

In the 2004 publication *Pathway to Gender Equality*, UNIFEM draws links between the MDGs, the UN Convention on the Elimination of all Forms of Discrimination against Women, and the Beijing Platform for Action, the high-level international agreement that resulted from the 1995 Fourth World Conference on Women. *Pathway to Gender Equality* shows that these agreements are cornerstones for realizing the potential of the MDGs for women around the world.

national budget. UNDP helped prepare a team of Afghan experts to oversee the new Development Budget and External Relations Unit, and to train more than 30 other ministries on preparing public investment programmes. A Donor Assistance Database was set up to track aid and contribute to budget preparations—it now covers over 85 percent of aid, and the International Monetary Fund recently praised it as the best they had seen in a post-conflict country. The budget unit has used its new capacities to deliver a mid-term review of the budget and to focus support on national priority programmes.

More recently, through the Afghan Information Management Service, UNDP has begun introducing the standards of data and information management technology used by governments and corporations around the world. To overcome the lack of technical knowledge, we have provided both teams of international experts and assisted Afghans in acquiring current skills. Together, they are helping the government to establish efficient systems for sharing data critical to making informed policy decisions. Over 18 ministries are now involved in projects to map road construction activities, manage disaster information, and track the activities of health and education programmes. A network for database developers provides ongoing assistance.

Today, Afghanistan is moving towards a new Parliament, and UNDP is supporting the government in establishing a modern parliamentary system. In partnership with the French Government and the Inter-Parliamentary Union, we have helped train legislative staff so they can develop skills to assist newly elected parliamentarians. We are also backing the Afghan Government's efforts to create a legal framework for guiding parliamentary procedures, adopt the best technology tools, and design an effective public information and outreach strategy.

Afghanistan faces many hurdles to reaching the MDGs by 2015—half its population lives in poverty, and at present the average life expectancy is only about 45 years. But given its very recent past, the growth in its capacity to manage its own development, including through a progressive Constitution, has been nothing short of astonishing. With sound governance in place, improvement in Afghanistan's development indicators can be expected to follow.

Afghans enthusiastically responded to the chance to vote, flocking to voter registration and civic education centres, such as one that UNDP set up in the city of Jalalabad. The capacity to govern well, and on behalf of the people, rests in part upon an informed electorate.

HIV/AIDS: From Health Staff to Trade Talks, Easing the Capacity Gaps

HIV/AIDS erodes the capacities of societies on multiple fronts. It has cut a swath through the most productive members of populations, weakening the ability of already overwhelmed health and other social services to respond, even as more people continue to fall ill. In Southern Africa, the epidemic is contributing to a worsening spiral of systemic poverty, drought and food insecurity, and shortening life expectancies in some cases by decades. It is a development crisis that will affect the region's progress across all of the MDGs.

Given the far-reaching implications of the epidemic, UNDP helps the most affected countries to close gaps in their capacity to cope with losses, and proactively bolster their ability to manage over the longer term. One example of our support is the Southern Africa Capacity Initiative (SACI). It works with nine countries in the region and the Southern African Development Community (SADC).

An urgent problem in Southern Africa, where adult HIV infection rates climb above 20 percent in most countries, is finding enough people to fully staff government departments as well as institutions that provide public services, such as hospitals and schools. UNDP is working with policy makers to examine guidelines for deploying teachers, medical staff, agricultural experts and other vital members of civil services, given that these rules have often not been re-examined to incorporate the new dimensions of the HIV/AIDS crisis. In Zambia, SACI collaborated with the University of Zambia on a capacity assessment of a variety of public services, research the government is now using to improve the efficiency of service delivery. In Malawi, the government requested SACI's support in a public sector reform initiative emphasizing accountability and leadership.

UNDP has also partnered with both governments and NGOs to find new ways of immediately staunching the loss of skilled personnel. We have helped fill some shortfalls through national and international UN Volunteers (UNVs)—Zambia has deployed volunteers in all nine of its provinces and in 23 government ministries. Botswana, Malawi and Swaziland have embarked on their own local volunteer programmes, modeled on the UNVs, which bring together skilled retirees, retrenched workers and unemployed graduates.

With SADC, UNDP is convening sub-regional forums to discuss education reforms to meet what will likely be an ongoing demand for new skills. A partnership with a private-sector consortium led by the Microsoft Corporation is exploring how technology can be used to extend service delivery, such as through long distance education in remote areas where enough teachers may not be available.

Worldwide, a new kind of capacity requirement related to HIV/AIDS has emerged. Access to HIV/AIDS medicines remains staggeringly limited in many developing countries, in part because of a web of intellectual property rights, patents and international trade agreements. Recent interna-

In countries with HIV/AIDS rates high enough to cause severe staffing shortfalls, UNDP works with governments to re-examine civil service guidelines in light of the epidemic, and helps provide volunteers to maintain critically needed public services. In Zambia, a trained volunteer in a village health centre takes a blood sample to be tested for HIV.

tional negotiations have allowed developing countries certain flexibilities within patent laws that ease constraints on the import and production of high-quality, affordable drugs. Complying with these agreements can be complex, however, and call for expertise in trade and public health issues that some countries may not have fully in place.

UNDP has provided support for expanding capacities in this area through several initiatives. Collaboration with the Pan-American Health Organization and World Health Organization (WHO) in 2004 led to a workshop in the Andean region for trade and health ministries on policy options to consistently bring public health issues into future bilateral and multilateral trade negotiations. In 2005, on the request of African heads of state, and in collaboration with the African Union, WHO and the Third World Network, UNDP convened a regional workshop in Africa. Trade and health officials from 35 countries gathered to exchange best practices and their experiences in framing patent laws that ensure ongoing access to essential medicines.

UNDP has also actively assisted countries in determining their capacities for manufacturing HIV/AIDS medicines. In 2004, we supported an assessment mission in Southern Africa that highlighted the potential for improved regional cooperation on both production and procurement. We began working with the Brazilian Government in 2005 to appraise its capacity to produce generic drugs.

As broad initiatives that touch the many facets of HIV/AIDS, both SACI and our global programme on trade and access to medicines draw on UNDP's core strengths. These include a reputation for helping people and countries work collectively on complex issues, sharing in-depth knowledge and diverse experiences, and fostering a momentum that keeps hope—and people—alive.

Five Practices to Advance the MDGs

UNDP's five practices offer services that countries can use to reach the goals.

Democratic governance
- Policy support
- Parliamentary development
- Electoral systems and processes
- Justice and human rights
- E-governance and access to information
- Decentralization, local governance and urban/rural development
- Public administration reform and anti-corruption measures

Poverty reduction
- MDG country reporting and poverty monitoring
- Pro-poor policy reform to achieve MDG targets
- Local poverty initiatives, including microfinance
- Globalization benefiting the poor
- Private sector development
- Gender mainstreaming
- Making information and communications technology work for the poor

Crisis prevention and recovery
- Conflict prevention and peace building
- Recovery
- Small arms reduction, disarmament and demobilization
- Mine action
- Natural disaster reduction
- Special initiatives for countries in transition

Energy and environment
- Strategies for sustainable development
- Water governance
- Sustainable energy services
- Land management to combat desertification and degradation
- Conservation and sustainable use of biodiversity
- Planning to control ozone-depleting substances and persistent organic pollutants

HIV/AIDS
- Leadership and capacity development
- Development planning centred on HIV/AIDS
- Advocacy and communication

Central African Republic and Niger: The Quest for Community Services

On UNDP's 2004 human development index, a measurement that assessed progress in 177 countries, Norway was number one. The Central African Republic was 169. Niger was 176. Both African countries have been through years of conflict. Most of their citizens struggle to make a living in direly poor rural communities. Both have now arrived at enough stability to carry out successful elections—national and municipal polls in the case of Niger. But to come within reach of achieving the MDGs and maintaining a fragile peace, they will need serious and sustained investments in developing basic social, economic and political capacities.

Easing the brunt of the worst forms of poverty often begins with enlarging abilities to provide basic services that improve livelihoods and health. UNDP has worked with local communities in the two countries to secure these services, and with the national governments to put in place the policies that over time will support and increase access.

In the Central African Republic, only a very small percentage of the population has electricity; the rest burn wood and coal. When UNDP met with officials in the energy ministry to explore this issue, they maintained that the inability to pay for electricity was cutting poor people off. UNDP presented examples of innovative pro-poor energy projects in other parts of the world, and convened a series of meetings between high-level ministry officials and rural community leaders in their villages. The meetings were held after sundown and started with movies—the first time many community members had ever seen what electricity can do, and the first time many of the officials had held meetings in the dark. Afterwards, the villagers questioned the officials at length about the lack of electrical service, pointing out that 45 years after independence, they deserved connections.

UNDP later helped compile all of this feedback into a draft energy policy focused on poorer people in rural areas. In 2004, the government set up a ministerial committee charged with working on problems related to rural electricity access, and officially adopted the draft policy as the new National Energy Policy. It contains a commitment to increase rural access to 10 percent over the next 10 years. Already, local private companies and the national electricity board have begun to make investments in infrastructure to provide power in the southwestern region of the country, and some rural communities have taken their own initiatives, including through micro-credit schemes supported by UNDP.

In Niger, one of the most pressing problems is the lack of water. The Sahara Desert scorches three-quarters of the country, and strife and conflict have in the past stemmed from short supplies of water. Since better local governance helps ensure better public services, UNDP has worked closely with the national government to develop a conceptual and legal framework for decentralized government services. Following the 2004 local elections—an important step towards decentralization—we are now helping to improve the skills of locally elected representatives, including through training on supervising public works.

This builds on an earlier initiative where UNDP supported the formation of local water committees in over 1,000 villages, in partnership with the European Commission, African Development Bank and the Swiss Agency for Development and Cooperation. Members learned to manage community reserves in ways that benefit both people and the environment. In the village of Allimboulé, for example, the local pond used to be full of silt and sewage. With UNDP's support, villagers cleaned the pond. A team from the water management committee now makes daily rounds to remove new filth and animal carcasses, while women trained to propagate seedlings have planted windbreaks to protect the pond against silting. With the pond now teeming with fish, a cooperative has formed. Some of its earnings have gone into the development of land for irrigated crops, a testament to how creative and targeted capacity investments can multiply people's options—and their abilities to act on them.

In Niger, once villagers learned to manage the routine cleaning of a local pond, they were able to cultivate new livelihoods, including through a fishing cooperative.

Knowledge: A World of Shared Solutions

Development problems related to the MDGs may be complex, but especially in today's interconnected world, they do not need to be solved in isolation. UNDP has one of the world's most comprehensive reservoirs of knowledge about development, which is why we have invested in global knowledge networks to collect and share it as widely as possible. Our networks multiply the benefits of our contributions in many places, for many people. They connect countries, regions and the global community, and offer a rich source of experiences from developed and developing countries that will be essential to achieving the MDGs.

Involving over 12,000 development professionals from in and outside UNDP, the networks function as virtual communities, where members can find technical and policy advice to provide to governments and other partners, exchange information on what works and what doesn't, and locate research and referrals to experts. Five networks are dedicated to our practices; one brings together UNDP management experts; and a half dozen others address cross-cutting issues such as gender and the MDGs.

Additional networks connect people working within regions, or touch upon specific issues within our practices. In 2004, Capacity 2015, a UNDP initiative that works on the MDGs with local partners in communities, debuted the Information Learning Network. Community members, businesses and civil society groups can now turn to it for knowledge about sustainable development. Increasingly, our country offices are setting up national networks as well.

Other agencies have taken notice of UNDP's transformation into a "knowledge organization"—the UN Department of Peacekeeping Operations is adapting some of the features of our approach to their own network. The World Bank, Canadian International Development Agency and the non-governmental group CARE have expressed a strong interest. A 2004 external review panel of four leading network specialists noted they were impressed with the energy and responsiveness of the networks. Their report said, "(UNDP's) system is remarkable, and indicative of a culture that cares passionately about development issues."

Europe and the CIS: Policy Advice for Emerging Democracies

The countries of Central and Southeastern Europe and the former Soviet Union are generally well on schedule to achieve the MDGs. Most have passed through the rockiest period of their political and economic transition; eight have now acceded to the European Union, and three others are working in that direction. Still, there are sometimes vast disparities across the region and within countries, and even those who have come the farthest are still fine-tuning their capacities as democratic nations. By providing knowledge and policy expertise, especially to countries that were until recently fairly isolated, UNDP helps fill remaining development gaps. We work through our country offices and our Bratislava Regional Centre, where 30 policy experts encourage an ongoing exchange of ideas and successful experiences within the region.

UNDP publications often help inform national and regional thinking. In Ukraine, as the Orange Revolution rolled forward with demands for greater democracy and an end to corruption, UNDP put together a team of UN and other experts to draft *Proposals to the President: A New Wave of Reform*. It underscored that despite rapid private sector growth, progress in Ukraine would stall without far-reaching political reform on a number of fronts. The new government's action plan, *Towards the People*, includes many of the report's recommendations, and individual ministries are now using it as a tool for strategic planning.

"(UNDP publications) are valuable to me because they compare local conditions with those in surrounding countries, because their methods are very sound, and because they are dispassionate and free of any internal Slovak view."

Klará Orgovánová, Roma Communities Plenipotentiary, Slovak Republic

The Bratislava centre has produced a series of MDG reports on the Czech Republic, Hungary, Slovakia and Slovenia. These pinpoint that even amid general prosperity, more nuanced approaches to poverty measurement reveal widespread disparities within countries, especially for ethnic minorities such as the Roma. All of these countries are members of the EU, which requires proactive steps towards social inclusion. The reports provided analysis that all are now using for devising new policies. In early 2005, eight countries in the region signed on to the Decade of Roma Inclusion agreement, the first cooperative effort to improve the lives of the Roma in Europe. It followed a 10-country study conducted by UNDP that became the largest ever compilation of data on Roma and development issues, including those reflected in the MDGs.

Close collaboration between UNDP country offices and the regional centre has supported governments across the region with hands-on tasks such as training civil servants on creating budgets, establishing rules and regulations, and implementing reform policies. A programme to train highly skilled civil servants in Georgia builds on an earlier initiative to fund short-term salary supplements for officials in order to improve the quality of personnel and curb corruption. A part-

UNDP's regional research has helped define and publicize the depth of disparities faced by the Roma as an ethnic group, even in otherwise affluent Central and Eastern European countries. Residents of a Roma settlement in the village of Zebra, in eastern Slovakia, chop wood behind their hut.

nership between UNDP, the Soros Foundation and the Swedish International Development Cooperation Agency, the programme has attracted more than $30 million from public and private sources, following an initial investment of $3 million.

A UNDP manual explaining how to ensure that national budget allocations reach men and women equally is used across the region—the Russian Academy of Public Administration now offers a mandatory course on the subject. We have also advised national statistical agencies on developing indexes and disaggregated data to better measure the status of women, given that many women's concerns remain underreported and therefore hidden. A regional network now links officials working on gender in different national statistical offices; Ukraine has incorporated a provision on data in its Gender Equality Law. A 2004 workshop held in cooperation with the UN Economic Commission for Europe and the US Agency for International Development looked specifically at gender statistics for Central Asian countries—Kyrgyzstan has since begun developing a national policy on gender statistics.

An important thrust of the regional centre's work has been assisting new EU members in setting up mechanisms to provide ODA, another stipulation of EU membership. UNDP has worked with Slovakia to create a trust fund for foreign projects, including by bringing in Czech expertise to help establish guidelines for support. The fund assisted 37 projects in 2004, in countries including Afghanistan, Belarus, FYR Macedonia, Mongolia and Sudan. In Poland, UNDP advised the Ministry of Foreign Affairs on a public media campaign to rouse support for giving foreign assistance, a new concept for Poles who for many years were accustomed to receiving such assistance themselves.

Networks: Countries Plug in for Fast Answers

A growing number of UNDP's partners are turning to our networks for fast answers to development questions. After the Government of Bolivia requested assistance in shaping a new law to decentralize social services such as health and education, the UNDP Country Office put out a call for information. Within days, replies came back highlighting similar experiences in Argentina, Brazil, Colombia, Kenya and the Republic of Korea. Network members cautioned against rolling out decentralization too speedily. The government worked with UNDP to draft the new legislation, and the bill that passed takes a gradual approach.

In Azerbaijan, the government asked UNDP for advice on creating an export promotion agency. The country office used the networks to provide information on experiences from other countries, which favoured a proposal to integrate the new agency within an existing investment promotion body. This would allow the two to work closely together on common issues. After a thorough review, the government agreed this was the best course of action.

The Government of Mauritius turned to the networks to help formulate a new Family Code, bringing in experiences on integrating women's rights from Mauritania, Morocco, Pakistan, Senegal and Uganda. Laos drew upon them for inspiration in crafting the messages for a massive MDG media campaign. Guyana used them for drafting models of legislation to establish an elections commission and guide the state-owned media.

"UNDP has set up a very powerful process that goes beyond anything I have seen elsewhere both in public and private sectors."

Geoff Parcell, head of knowledge management at BP and part of an expert team reviewing UNDP's knowledge networks

In India, UNDP is leading the UN Country Team on a project to establish a national network so that development agencies, all levels of government and NGOs can share the many innovative development projects taking place across the country. A UNDP network query from Uzbekistan that brought in experiences from 10 other countries has prompted members of the UN Country Team, along with the government, private sector and civil society, to work together on a project to improve the national capacity to gather statistics. UNDP at large has used its global networks to shape organizational guidelines on programmes to assist the increasing numbers of young people afflicted by conflict. A call for "votes" to steer the theme of the 2006 global *Human Development Report* drew close to a 1,000 responses, some with extensive comments that in the past could not have been so easily shared.

Timor-Leste: A New Nation Learns from the World

Timor-Leste's 1999 struggle for independence left a ruined landscape and a population that is one of the poorest in Asia. Faced with setting up an independent government and economy, the new country turned to UNDP for support. From the start, we have brought in knowledge from around the world to help Timor-Leste move towards peace and develop its capacity to achieve the MDGs.

Highlights from 2004 included the adoption of the Civil Service Act to ensure fair management of the public sector. During the bill's drafting, UNDP conducted a study tour so that officials could review similar legislation in Australia, Malaysia and Singapore. We then called upon sources of international legal expertise to review the draft, including Portugal's National Institute of Public Administration. After this legal milestone was passed, the Ministry of State Administration was able to validate over 11,000 civil servant records, a first step towards implementing a modern computerized Personnel Management Information System. UNDP continues to provide assistance through 180 international advisers within state institutions to coach civil servants. We are also supporting the National Institute of Administration in enhancing its ability to train civil servants through an alliance with the Singapore Civil Service College.

To help deepen the oversight capacity of the legislative branch, UNDP has offered training to parliamentarians, and produced a hands-on budget manual outlining the national budget's composition, cycle and parliamentary oversight instruments. The manual was widely used during the national budget debate for fiscal 2004/2005. An emerging institutional assertiveness was on display, with parliamentarians putting increasing pressure on the executive branch to comply with parliamentary directives related to public expenditures.

As Timor-Leste began preparing to carry out local elections in 2004 and 2005, UNDP tapped experts from Australia, Brazil, Mexico and Peru to support the process. Study tours provided opportunities for officials from the Technical Secretariat of Electoral Administration, the national institution in charge of organizing the elections, to learn from similar experiences in Cape Verde, Fiji, the Philippines and Thailand. UNDP introduced comparative analyses from experts in Brazil, Cape Verde and Uganda to assist in an assessment of local governance options, which paves the way for government decentralization.

Other experts, mainly from other developing countries, have participated in projects to improve people's livelihoods. A pilot initiative in two villages increased rice seed yields by 400 percent after specialists conducted research and trained district extension officers. Another programme, grounded in close consultation between the government and communities, and guided in part by a volunteer international management team, has benefited thousands of community members through employment opportunities, vocational training, and basic services such as schools and irrigation. An international research team has now studied this innovative initiative, which has been featured on UNDP's networks. Having gained from knowledge outside its borders, Timor-Leste has begun to give back.

From elections to agriculture, Timor-Leste is using knowledge from the rest of the world, often from other developing countries, to put together a new country. Soldiers can now proudly hoist their flag in front of Parliament in Dili, the capital. Parliamentarians are among those who are expanding their skills.

Partnerships: Collective Efforts for a Common Cause

In envisioning a world that is free, secure and prosperous, the MDGs call for both partnership and responsibility. Partnership because, as recent events have only underscored, no one government or institution can go the distance alone. Responsibility because the goals are a joint commitment made by global and national communities.

Within UNDP, our support for the MDGs puts partnership at the centre of all aspects of our work. Our partners include governments, other UN agencies, the international financial institutions, bilateral agencies, the private sector and civil society.

Countries trapped in poverty by capacity deficits request us to help broker partnerships that offer knowledge, resources and new ways of doing business. In nations divided by conflict, our reputation for impartiality helps us convene disparate groups to begin the delicate task of agreeing on development priorities—often a crucial first step down the road to peace.

Across countries and regions, we use our global presence to bring together partners from many different backgrounds to share expertise, explore joint ventures and develop solutions on trans-border issues such as environmental management and food security. At UNDP, we know from long experience that these collaborative relationships, built with care, enlarge the potential for progress by unleashing collective energy and concern.

"What do we need from developed countries? Just three things: support for infrastructure, markets and solidarity. Solidarity means friendship, partnership, mutual understanding and respect."

Luisa Diogo, Prime Minister of Mozambique

The Private Sector: Turning Poverty into Prosperity

In 2003, on the recommendation of UNDP, the UN convened the high-level UN Commission on the Private Sector and Development, co-chaired by Canadian Prime Minister Paul Martin and former Mexican President Ernesto Zedillo. The commission issued a ground-breaking report in 2004: *Unleashing Entrepreneurship: Making Business Work for the Poor*. It examined the power of the private sector not just in terms of large, high-profile corporations, but from the perspectives of the millions of small local businesses that employ and serve most of the world's poor. They could play an essential role in accelerating economic growth at the rates that many developing countries need to achieve the MDGs. But their potential has often been overlooked.

The report proposes that governments, businesses, civil society, labour organizations and development agencies work together to spread prosperity to the bottom of the world's economic pyramid. Many vibrant small businesses, given flexible regulations, fair legal systems and greater access to financial resources, would thrive. Along the way, they would transform impoverished communities through the provision of jobs and services.

UNDP is now using the report to encourage countries to consider its recommendations. At its 2004 Sea-Island Summit, the Group of 8 endorsed *Unleashing Entrepreneurship* and issued an action plan with a series of recommendations for both developed and developing countries. In more than 25 countries, UNDP has helped organize national launches of the report. One in Bosnia and Herzegovina has initiated discussions between the Employers Association and the government about easing the costs of intricate regulations, high taxes and lack of financing. In South Asia, a regional launch sponsored by the Confederation of Indian Industry and UNDP brought together business people and government representatives from seven countries. They debated better policies for small industries and identification of niche markets. A pilot project in the Indian state of Tamil Nadu subsequently took insurance company representatives to meet with village women about the prospects of micro-insurance plans that would be tailored to rural needs, and leave them less vulnerable to natural disasters or economic downturns.

More broadly, UNDP has long been a strong supporter of making the links between poverty reduction and a flourish-

All over the developing world, markets like this one in Huambo, Angola, are hives of entrepreneurial activity. With the right forms of support, they have the potential to make major contributions to faster economic growth.

"The entrepreneurial spirit is everywhere. It does not have to be imported. Visit the smallest town in the poorest country on market day and you will see the private sector at work."

Paul Martin, Prime Minister of Canada and Co-Chair of the UN Commission on the Private Sector and Development

ing private sector. We are now pioneering a new kind of relationship between businesses and the UN. Our innovative Growing Sustainable Business Initiative, for example, pairs business enterprises with NGOs and local governments to generate both development and commercial returns. In Tanzania, the initiative has brought together Unilever, the World Conservation Union, the Netherlands Development Organization and the World Agroforestry Centre. These partners are working with local communities and businesses to cultivate Allanblackia trees, which yield seeds used in soap and margarine, along with a source of local revenues and jobs. Ericsson is connecting rural communities to low-cost telecommunications systems, while simultaneously conducting research on future products that might meet the needs of this market. The Swiss-Swedish engineering group ABB has joined the World Wildlife Fund on a rural electrification scheme that builds upon social development work the fund had previously carried out. In villages that now have electricity,

UNCDF: Small Investments Leverage Big Results

The United Nations Capital Development Fund (UNCDF), administered by UNDP, provides capital assistance to the least developed countries (LDCs). The fund invests in efforts to reduce poverty and achieve the MDGs through two programme areas: microfinance and local development.

As a risk-taking investment fund, UNCDF relies on partnerships to leverage results and scale up its pilot programmes. In Mozambique, for example, the fund has worked with local authorities; the national government; bilateral agencies from the Netherlands, Norway and Switzerland; the World Bank and UNDP to mobilize over $11 million for expanding a UNCDF pilot programme on stronger local government. The pilot, which started in the northern province of Nampula, encourages the active participation of local people in development planning. It has now been extended to several provinces across the country.

With UNDP, UNCDF recently launched an ambitious $42 million, seven-year initiative to support African countries' efforts to reinvigorate their economies in ways that reach poor and low-income people. Specific activities include assessing financial sectors, providing policy support and strengthening microfinance options. Partners include the KfW Banking Group and the NGO CORDAID.

UNCDF teamed up with the UN Department of Economic and Social Affairs to coordinate the International Year of Microcredit in 2005. As part of this effort, the fund has established collaborative partnerships with several private sector companies, including Citibank, ING and Visa, to increase public awareness of microfinance as a vital part of the development equation. Activities have included the establishment of national committees worldwide to coordinate local advocacy activities, an international dialogue process called the Blue Book campaign to identify key constraints and opportunities for promoting inclusive financial sectors, global micro-entrepreneurship awards to recognize small business owners and their contributions to local economic development, and the creation of an online store to sell products made by micro-entrepreneurs (www.shopmicro.org).

In early 2005, UNCDF's Executive Board voiced strong support for the fund's contributions to achieving the MDGs in the LDCs, and called for strengthening its ability to fulfill this mandate. UNCDF has since redefined its business plan to respond more effectively to the demands of its LDC clients and partners within the context of its budget constraints and a trend towards non-core resources. The fund has significantly reduced its administrative costs through closer integration with the work of UNDP, which will allow it to further capitalize on and optimize the value that joint UNDP/UNCDF programmes deliver to the LDCs.

The base of the world's economic pyramid is vast and diverse, a source of sustenance and services for billions of people, like these flower sellers in Calcutta, India.

students are already improving their performance in school, thanks to the light that allows them to study after dark.

The Growing Sustainable Business Initiative is an umbrella programme currently in place in seven African countries, with plans for expansion to other regions in the near future. Within individual countries, other UNDP programmes also foster private sector partnerships. In Mexico, we have worked closely with the government and the National Association of Manufacturers to strengthen supply chains between small companies and leading corporations—a step that can make the entire economy more competitive. While enterprises with fewer than 250 employees generate 42 percent of Mexico's gross domestic product, their commercial ties to bigger businesses and markets are often weak. Through a consultation process, we have worked to iron out problems such as inadequate procurement policies and inconsistent supplies. After Bimbo, Mexico's largest commercial bakery, found that productivity surged among a set of six pilot suppliers, it replicated the methodology with 200 more.

Since UNDP's ability to convene partners has a global reach, in 2005, following the tragedy of the tsunami, we set up the Corporate Partnership in Emergencies Web site to match offers of private sector assistance with the needs of affected countries. In late 2004, we joined the Government of Japan, the UN Office of the Special Adviser for Africa, the Global Coalition for Africa and the World Bank to put together the Asia-Africa Trade Conference. The prime ministers of Japan and Nigeria, the president of Kenya, and over 350 business leaders from both continents gathered in Tokyo to highlight future trade and investment opportunities between the two regions. The meeting marked the first major follow-up to the 2003 Tokyo International Conference on African Development, known as TICAD III.

UNDP is also a key partner in two programmes that include private sector contributions to projects linking livelihoods and care for environmental resources. The Global Environment Facility (GEF) is a joint venture between UNDP, the World Bank and the UN Environment Programme. In 2004, UNDP received $274 million in grants approvals from the facility, and raised an additional $617 million in co-financing from governments, the private sector, bilateral agencies and NGOs. GEF grants are, for example, helping Tunisia set up economically viable wind energy systems to generate electricity. The Equator Initiative entails UNDP collaboration with governments, businesses and civil society. Current projects include one in Indonesia that ensures neighbouring communities receive a portion of revenues from Bunaken National Park, and that local people participate in managing the park's rich marine biodiversity.

Colombia: Strengthening Democracy and Prospects for Peace

Conflict in Colombia, four decades old and fueled by the drug trade, has spawned killings, kidnappings and the world's third largest number of displaced people. The last formal round of peace talks with guerilla factions collapsed in 2002. A year later, in London, UNDP helped convene a conference of donor governments and international institutions that provide the bulk of international cooperation to Colombia, including the European Commission. We supported a strong civil society presence as well. Until new peace talks can be constructed, participants agreed to take whatever steps possible to strengthen Colombia's democracy, and abilities to protect human rights and respect international humanitarian law.

One of UNDP's many contributions to this process has been to broaden partnerships around activities encouraging Colombians, as citizens and communities, to embark on a path of peace and development. Our Reconciliation and Development Programme works in three of the hardest-hit regions, bringing together civil society groups, church leaders, business people, and regional and national authorities for ongoing dialogues about ways to overcome conflict—in an environment where open discussion remains difficult. We also support local governments and civil society groups in developing their capacities to formulate development plans, manage their resources and cooperate with each other on future development projects. By fostering understanding of how communities can thrive when conflict subsides, these could eventually serve as stepping-stones to peace. Civil society groups are already partnering with UNDP on initiatives such as community radio networks and peace clubs that reach out to young people, who are among the most susceptible to violence.

UNDP has also assisted Colombia's civil society organizations in taking on a more prominent national role. Many offer perspectives—rooted in their work in communities or with vulnerable groups such as internally displaced people—on how peace building can move forward even in the midst of conflict. But even though these vibrant groups have a vast reach, they are often not well-connected to each other, in part because of a fragmented political context. UNDP has been able to help bring these organizations into closer working relationships, including through our support to a coalition of groups on peace and human rights.

In early 2005, just before a follow-up meeting to the London conference in Cartagena, UNDP helped over 260 civil society representatives prepare an agreement on key issues that they feel the government and the international community should take up. Crossing the boundaries of ideology and issues, their Declaration of Consensus urged that democracy and respect for diversity be considered fundamental to eliminating poverty and building a just society. They called for a negotiated peace process under a legal framework consistent with international law, and dubbed the MDGs "true guidelines" for overcoming poverty and corruption.

The international and government participants in the Cartagena meeting took these words to heart. They issued the Cartagena Declaration, which includes prominent references to civil society contributions to peace, human rights and continued international cooperation. The declaration, along with the civil society agreement, now offers a common source of guidance for peace and development projects carried out by national and local government and civil society, and supported by the international community. Proof that despite an entrenched and difficult conflict, momentum grows when many voices articulate the cry for peace.

UNDP's support for Colombia's civil society has included a Youth Peace March. It brought young people from Medellin together with youth groups from across the turbulent eastern region of the Antioquia department, providing a chance to build solidarity and a commitment to conflict resolution.

The Arab States: A Programme for Reform

It took more than a year of careful negotiations behind the scenes—UNDP began the process by consulting with ministers in a handful of countries before initiating talks with the Organisation for Economic Co-operation and Development (OECD). But the partnership that emerged proved well worth the effort. In early 2005, 16 Arab nations joined the OECD and UNDP to launch the Initiative on Good Governance for Development in the Arab Countries.

Arab officials and OECD representatives jointly agreed on a three-year plan to improve governance in six areas: civil service and integrity; the role of the judiciary and enforcement; e-government and administrative simplification; the role of civil society and media in the reform of the public sector; governance of public finance; and public service delivery, public private partnership and regulatory reform.

While other reform proposals for the region in recent years have faltered, hopes for this one run high, in part because it has been driven by Arab nations themselves. The incentives for Arab countries are clear. Their economies are not keeping pace with the huge generation of young people about to enter the labour force. Nor are they economically well-connected with other parts of the world. Regional progress on the MDGs remains mixed. Many Arab leaders concede it may be time for their governments to take some new approaches.

> "It's a home-grown product that also benefits from partnership with the world."
>
> *Salah Eddin Beshir, Justice Minister of Jordan*

Slated to roll out over the next three years, the Initiative on Good Governance weaves together three strands of action and accountability. Regional working groups on the six themes, chaired by Egypt, Jordan, Lebanon, Morocco, Tunisia and the United Arab Emirates, and combining a mix of Arab and OECD experts and policymakers, will provide forums to analyse obstacles to reform, exchange solutions and monitor regional progress. National committees, including government officials, members of the private sector and NGOs, will translate recommendations from the working groups into national action plans with implementation targets. They will also advocate steps to achieve the plans within their countries. UNDP and the OECD will help administer the initiative, and coordinate international support, including through alignment with other programmes in the region.

This will mark the first time that Arab states have agreed on a plan to work individually, as a region and with the international community on good governance. The initiative is a breakthrough for all three.

Stronger economic ties between Arab states and the rest of the world can benefit workers like these, who have found jobs in an Egyptian vegetable-packing factory outside Cairo. It is located in a new industrial zone for exporting duty-free goods.

Advocacy: Making the Case for Change

The world may have opportunities, resources, incentives and practical solutions for achieving the MDGs. But in a time of many competing priorities, only strong and ongoing advocacy will keep the goals flying high on political agendas, where they can become more than paper promises.

As one of the lead UN development agencies, UNDP is one of the primary advocates for the MDGs. Because we work on many levels, from the local to the international, and with an array of partners, we are able to extend MDG advocacy in diverse directions. Put together, this is snowballing into a global drive attracting new resources and yielding an extraordinary number of powerful alliances: among youth, sports stars, politicians, community leaders, journalists, business people, artists, academics, religious leaders, trade union members and civil society activists.

Country by country, UNDP also advocates for national governments and other partners to aim high and put in place sound policies and institutions to make real progress on the goals. We look for connections to the human rights and gender equality issues that may hold back the hopes of huge portions of societies, and which once addressed can catalyse rapid change.

"When you came for the first time to our village and talked about Millennium Development things or whatever, I did not trust you. When you talked about how to improve health and education for our children, I did not trust you. When you talked about how to protect nature, how to make government people work better, the same. I said in my mind: 'This good boy is talking about things that need 1,000 years to occur.' But now I have drinkable water and electricity in my home. If you called me at 12 o'clock at night, I will get up to work. I know it is in my interest."

Kadife Gjana, an elderly woman in the Kukes region of Albania speaking to a UN Volunteer

MDG Campaigns: Reaching Out Around the World

With many people now active on the MDGs worldwide, the UN Millennium Campaign is multiplying the power of these individual initiatives by linking them through a global network. The campaign is financed by a trust fund administered by UNDP. In 2004, it worked closely with leading NGOs, churches and trade unions to help forge a civil society alliance known as The Global Call to Action Against Poverty (www.whiteband.org), which was formally launched by Brazilian President Luiz Inácio Lula da Silva in Porto Alegre in January 2005. One of the largest and most diverse coalitions ever formed, it is united behind a common aim of achieving the MDGs. Members make appearances at high-level international political events, and are mobilizing citizens around the world to wear white armbands in a well-publicized act to inspire public attention and support.

Forty national MDG campaigns have also sprung up, joining civil society organizations, parliamentarians, trade unions, women's and youth groups, faith-based organizations and celebrities. Each is oriented around key issues in its country, but all focus broadly on getting governments to keep their millennium promises.

Developing Countries: Organizations in Uganda have advocated linking the goals and the national poverty reduction plan; for its part, the postal service has issued a series of MDG stamps. Over 50 groups in Zambia—church, gender, human rights, health and educational organizations—are collectively campaigning for more government accountability. In India, the *Vaada na toda* (Don't Break Your Promise) Campaign is strategizing to link the goals to the current national five-year development plan. In Indonesia, activist and UN Special Ambassador for the MDGs Erna Witoelar has mobilized a national coalition of civil society networks to question the process of MDG reporting; they have secured the government's commitment that future reporting in five of the poorest provinces will involve the participation of local people.

In El Salvador, 20 groups are backing a massive media campaign that includes TV and radio spots on the theme "Broken Dreams." They brought the MDGs into a presidential campaign, and secured the government's public commitment to create a mechanism for monitoring the goals. Brazil's campaign has put out the word about the MDGs through logos on shopping bags, bank statements and energy bills,

UN Volunteers: Global Advocates for the MDGs

Without the massive voluntary involvement of ordinary citizens, the chances of achieving the MDGs are remote. The UN Volunteers (UNV) programme works to channel this vast resource as part of the global effort to meet the goals. The volunteers contribute to and advocate for the MDGs in all aspects of their work. Working directly with local people allows them to mobilize, campaign and organize events around local progress on the goals.

In 2004, UN Volunteer Peter Claesson rallied 56 artists to depict the MDGs through murals and sculptures in Tegucigalpa, Honduras. During the two weeks it took to complete the project, some 500 people came together to create 45 pieces of artwork. Many politicians and businesses supported the endeavour by donating meals, hotel rooms and materials. The city's population can now see—in tangible terms—what is meant by each goal. Other examples of innovative advocacy can be found in Viet Nam, where a contest organized by UNV helped Vietnamese youth travel to rural areas to foster discussion on the goals.

International Volunteer Day, celebrated around the world on 5 December, has become a key occasion to recognize volunteer contributions to the MDGs. Since the start of the UN Millennium Campaign, more and more citizens are using the day to demonstrate what they can do to help make the MDGs a reality.

In international forums, UNV continues highlighting what can be done to fully realize the potential contribution of volunteerism to development. A partnership with UNDP and Pakistan's National Commission for Human Development, for example, resulted in the first International Conference on Volunteerism and the MDGs in Islamabad in December 2004.

In 2004, its seventh consecutive year of growth, the UNV programme, which is administered by UNDP, mobilized some 7,300 volunteers, representing 166 nationalities, who served in 140 countries. It also engages thousands of other individuals in the work of the UN as online volunteers, and manages the WorldVolunteerWeb (www.worldvolunteerweb.org), a global volunteering portal that serves as a resource for knowledge on campaigning, advocacy, information dissemination and networking.

"In the past we could say that we did not have the technology or resources to meet the basic needs of all human beings. That is simply not the case any more. We are running out of excuses. We know what needs to be done."

Salil Shetty, Director, UN Millennium Campaign

and at Rio's world-renowned Carnival. Organizations in Mexico have drafted proposals for budget indicators to track MDG-related spending.

Developed Countries: The United Kingdom's Make Poverty History campaign unites 200 charities, trade unions, faith groups and celebrities in the country's largest ever advocacy movement to end global poverty, with a special focus on the leaders of the Group of 8. Spain's *Sin Excusas 2015* (No Excuses 2015) campaign has convinced municipalities and regional governments to adopt resolutions supporting the goals, while the Web site of the Italian campaign has attracted over a million signatures for a Goal 8 online petition. MTV Italy recently committed to 10 years of programming on the MDGs. The Catholic development agency Trocaire mobilized the Keep Our Word campaign in Ireland, which is generating thousands of e-mails to Parliament.

In 2004, the UN Millennium Campaign launched a Web site (www.millenniumcampaign.org) to track ongoing MDG advocacy activities. It provides a globally accessible resource for ideas and inspiration. A special online section for youth attracts more than half a million visitors per month, while a partnership with the World Scouts is spreading news about the MDGs to 28 million youth in 216 countries and territories. Other forms of outreach come through collaboration with celebrities and UN Goodwill Ambassadors, and media organizations such as the BBC, CNN and Nickelodeon TV. "Only with Your Voice" video spots are urging citizens around the world to raise their voices against poverty. As knowledge about the goals ripples outward, more and more people will bring them home through actions that benefit countries, communities and individual lives.

O QUE ELE VAI SER QUANDO EU CRESCER?
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www.nospodemos.org.br
O Grupo Pão de Açúcar tem orgulho de participar e divulgar as 8 Metas de Desenvolvimento do Milênio, um pacto formado pela ONU e 191 países. Como empresa cidadã, faz questão de ajudar a difundir a importância dessas Metas, estimulando a conscientização e a participação de todos. Isso faz parte da nossa responsabilidade social e do nosso orgulho de ser brasileiro.
GRUPO PÃO DE AÇÚCAR

Brazil's largest supermarket chain, Grupo Pão de Açúcar, published a public service advertisement on the MDGs in a prominent magazine on corporate social responsibility. It reads in part, "As a corporate citizen, we have decided to help promote the importance of these Goals, so as to stimulate everyone's awareness and participation."

Philippines: Everybody Gets on Board

Energy and enthusiasm about the MDGs is running high in the Philippines, where a concerted advocacy campaign is convincing Filipinos to get involved and make the goals their own. While the Philippines is considered a country at the mid-level of development, it faces instability in the south, and a fiscal crisis that struck in 2004. Wide disparities persist between regions.

Under the coordination of the UN Resident Coordinator, who is also the UNDP Resident Representative, the UN Country Team kicked off the campaign in 2004 by reaching out to diverse groups. With UN support, legislators sponsored a series of roundtables on the goals, and then went on to create the Special Committee of the House of Representatives on the MDGs. It discusses national issues related to the goals, at times in consultation with the Country Team, and recently embarked on a review of HIV/AIDS legislation to ensure it fully contributes to progress on Goal 6.

Meetings with business leaders, co-hosted by the UN and the Prince of Wales Foundation, have resulted in agreements to highlight the MDGs as part of ongoing corporate social responsibility and social investment programmes. Sessions with civil society have motivated organizations, nationally and locally, to actively monitor progress on the goals, and to add their voices to national and international policy debates. The Country Team has offered prizes to youth organizations contributing to the MDGs, and worked with journalists to raise awareness of stories that can be covered in the media.

At a Consultative Group meeting of the donor community in the Philippines, the Country Team prepared a special session on the goals chaired by the government's Secretaries of Social Welfare and Education. Donors, members of Congress, high-level government officials, and business and civil society leaders reviewed how the Philippines was doing on the goals overall, and emphasized the need for greater attention to education and health.

Other forms of UN support build on advocacy, such as a project to help the national government monitor progress on the MDGs through new mechanisms in the National Statistical Coordination Board. In late 2004, UNDP and UN Habitat began assisting local authorities in 12 pilot cities to devise local MDG strategies, referring to a guide to policy options issued by the national Department of the Interior and Local Government. The city of Calbayog has now gone public with plans to focus on Goal 2, on education, and Goal 7, on environmental sustainability. It intends to raise its budget allocations for school facilities and increase the number of coastal reservation projects. In the city of !ligan, where Goal 1, on reducing poverty is a paramount concern, more farm-to-market roads are in the works.

Future UN advocacy will work in turn to ignite public support behind these local projects, fusing local and national momentum around the MDGs. If the goals become an item on every policy agenda and a by-word in every home, they can become a reality for all Filipinos, on time for 2015.

> "The United Nations is one with all of you in the effort to achieve the MDGs. Together we must confront the challenge of achieving the MDGs, we must own the MDGs, we must take responsibility for them, we must make them part of our lives."
>
> *Deborah Landey, UN Resident Coordinator, Philippines*

Albania: Communities Make the Goals Their Own

In the 12 regions of Albania, the MDGs are much more than a set of numbers. They are about strengthening the capacity for democracy and local governance, and about local people speaking up and being heard.

Albania is one of continental Europe's poorest countries. While substantial progress has been made in recent years after five decades of totalitarian rule, the pace of reforms has been slow and often tangled in bureaucracy. However, everyone also understands the benefits if Albania can qualify as a member of the European Union. Many of the national development efforts are focused in this direction.

UNDP was already supporting the national government on integrating the MDGs into its poverty reduction and EU accession strategies when it became clear that this process would receive a boost if regional and local governments came on board. There were multiple challenges: fractured systems of governance, sharp political differences between regions and the centre, and most of all, the deep distrust in local communities of any form of government. But UNDP could build on a network of existing local relationships, and make the case that the MDGs are focused on people, not politics.

In the Kukes region, women from different communities came together to discuss how to insert targets and indicators on gender in a regional plan for achieving the MDGs. All aspects of the final strategy reflect their concerns. One target calls for increasing the capacity among local authorities and civil society to stop violence against women. An overall goal to improve governance measures progress by a more balanced ratio of men and women in regional public services.

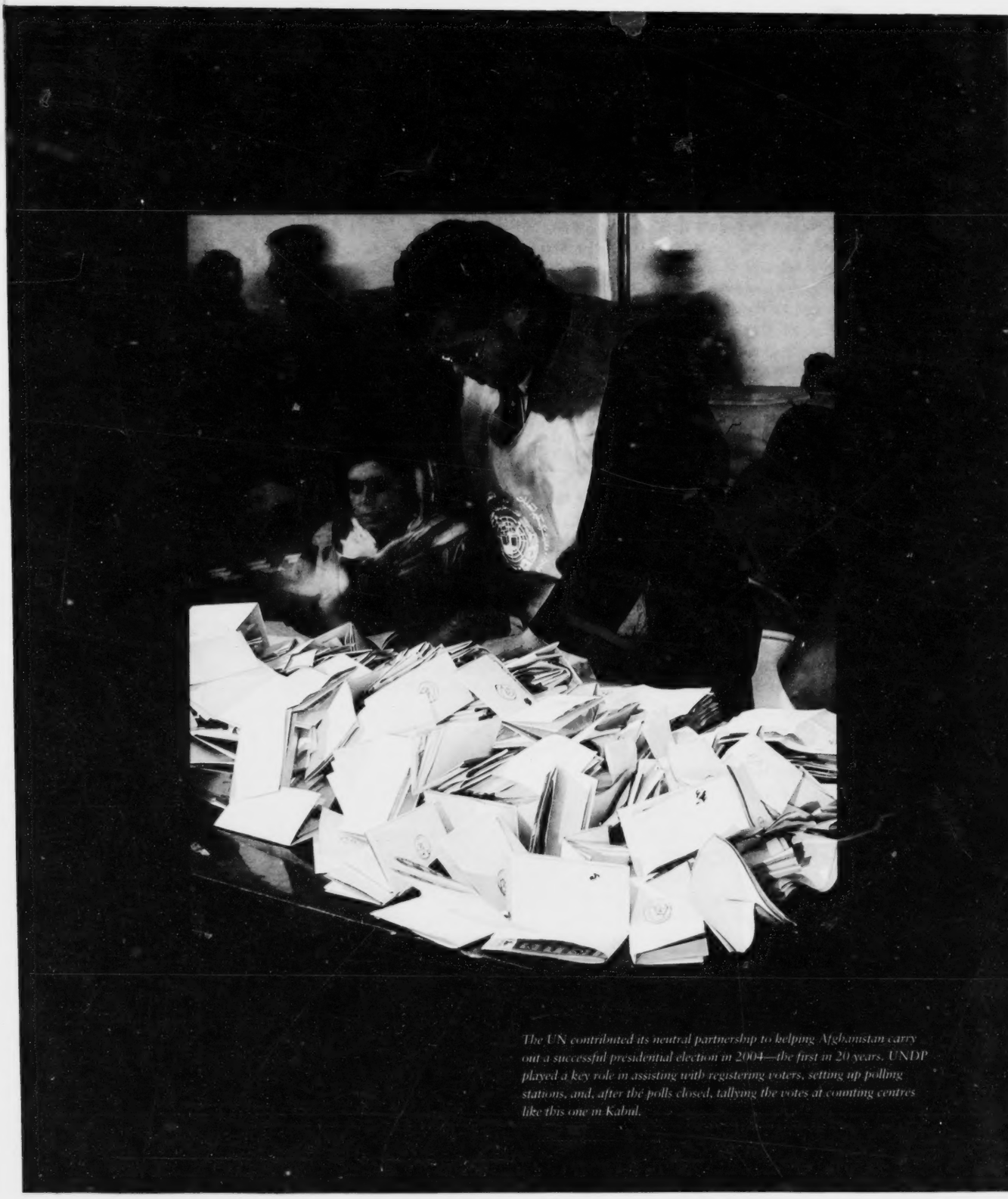
Our local governance programme began a series of advocacy campaigns that demonstrated how achieving the MDGs would help national EU accession, and translated the goals into easily understood local terms. What does Goal 7, on environmental sustainability, mean to the citizens of the Kukes region? The answer was displayed on posters across the region: a clean Valbona River that will attract tourists and improve local livelihoods. Around the country, MDG Goodwill Ambassadors, all well-known Albanian personalities, also spread the word. In 51 villages, UNDP helped form community development associations to show concretely what development can mean—within six months, the Kukes village of Gabrice had running water and electricity in nearly every home, for the first time ever.

UNDP then encouraged regional and local governments, NGOs and members of communities to come together, assess current regional standing on the MDGs, and compile data and other findings into regional MDG reports. By comparing where the regions are now with where they need to go to achieve the goals, the reports could serve as blueprints for future actions.

With examples like Gabrice in mind, public interest and participation was high. Town hall meetings between the public and local officials began taking place. Radio stations broadcast regular updates. Where regional data proved to be poor in quality, local groups volunteered to carry out polls and surveys to fill in the gaps.

Supported by UNDP, regional and local governments learned to manage these newly democratic exercises, and incorporated the development priorities identified by communities into the reports. UNDP and the UN Volunteers offered training on how to tailor the MDGs to local concerns, and to set targets and indicators in sync with national poverty reduction and EU accession priorities.

In some regions, the reports included detailed development strategies based on the MDGs that are being used for development fundraising. Several have now attracted outside assistance, including from the European Commission. Community-based organizations have been at the forefront of carrying out an initial round of new projects, like the recently opened medical centre in the village of Osmanaj, just west of Gabrice. And the strategies have helped regional and local governments decide what else should be in the pipeline, from cleaning up the environment to supporting the small livestock industry. What does it mean when people take charge of their development? For Albanians—convincing results and a stake in the future.



The UN contributed its neutral partnership to helping Afghanistan carry out a successful presidential election in 2004—the first in 20 years. UNDP played a key role in assisting with registering voters, setting up polling stations, and, after the polls closed, tallying the votes at counting centres like this one in Kabul.

A Renewal of Global Trust

At the dawn of 2005, two dramatic events sent an undisputed message about the value of well-coordinated international support and the central role of the United Nations. After the giant waves of the tsunami crashed over coastlines from Southeast Asia to East Africa, causing 175,000 deaths and displacing 1.75 million people, the response needed to be massive and fast, but without overwhelming the strained capacities of affected countries.

Governments, relief agencies and NGOs turned to the UN to coordinate the many multinational efforts that followed, because only the UN had existing relationships with everyone involved. In Aceh, the hardest hit region, UNDP and other UN relief and development agencies were on the ground within hours to help people, providing food, shelter and health care. As recovery got underway, UNDP set up programmes such as a cash-for-work initiative to clear the rubble. We helped 10 working groups of national and international partners from different areas of expertise consolidate their plans into a longer-term reconstruction programme.

Then in Iraq, the success of the January election emerged from the willingness of a broad spectrum of partners to transcend political differences. The UN as a system lent credibility and a neutral space to work through these, helping draft a new electoral law and form the Independent Electoral Commission, which ran the election. Different UN agencies threw their collective energy into stirring hope in a new democracy, achieving the kinds of concrete development results that encourage people to envision a brighter future. UNDP and others, working through national partnerships, helped put in place basic building blocks: voter registration, electricity and water, immunization for children.

"The best way to guide the agenda of globalization is through multilateralism. It is in the strengthening of multilateralism that each country has a stake and a national task to fulfill."

Ricardo Lagos Escobar, President of Chile

Almost by default, situations like the tsunami and Iraq call for people to work together, quickly fulfilling immense needs. But well-coordinated international support in all development situations is also a requirement for realizing the high ambitions of the MDGs, ensuring that new resources work as efficiently as possible in improving the lives of people across the board. For this, developing countries and their international partners are radically changing some of the ways they do business. UNDP plays an indispensable part in leading this transformation of development cooperation, through our roles as the home of the Resident Coordinator system, which manages the teams of UN agencies working in many countries, and the coordinator of the UN Development Group (UNDG), the umbrella for all of the major UN development organizations.

Reforming the UN

For several years, the UN as a whole has been intensely focused on how it can optimize its contributions to both security and development, and increase its accountability to the people it was designed to serve. Ongoing reform has been an evolution, never bypassing the UN's primary responsibility to promote peace and social progress, and affirm human rights. It has also been a revolution, transfiguring the way the UN operates to forge a system that best responds to a changing world. In late 2004, the 191 governments of the UN General Assembly issued the Triennial Comprehensive Policy Review, a guide for the UN development agencies that affirmed these directions. It elaborates principles that UNDP has consistently advocated—capacity development, and common programming based on the MDGs and framed within national development plans.

With well-established relationships with governments, relief agencies and NGOs, the UN was the logical choice to help coordinate the massive multinational response to the tsunami. On the island of Maafushi in the Maldives, a fisherman restores his boat, a sign that life is returning to normal.

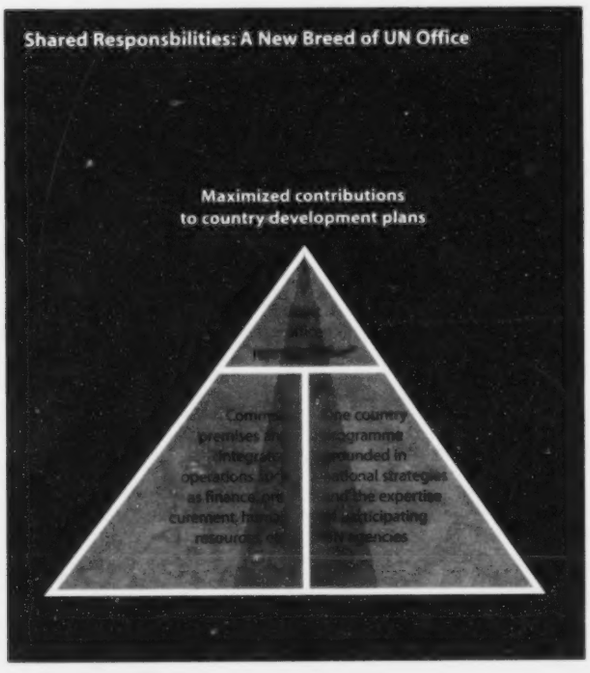
During 2004, chaired by the UNDP Administrator, the UNDG accelerated its pace of change, aiming for a stronger collective impact by simplifying procedures and targeting activities where UN agencies are most effective. A growing number of UN country teams are now using tools developed by the group to harmonize their different programming cycles, and plan together one coherent, results-based UN strategy linked to national plans and the MDGs. New programming instruments guide agreements between national governments and the agencies on specific actions and lines of accountability. The UNDG has loosened rules that inhibited some agencies from directly supporting national government initiatives through contributions to national budgets.

For countries in crisis, the UNDG has partnered with the World Bank and GTZ, the German Agency for Technical Cooperation, to develop a handbook for carrying out post-conflict needs assessments—which UNDP helped orchestrate in 2004 in Haiti, Liberia and Sudan. The three organizations have also pioneered a new system to prioritize actions for a successful transition from conflict or a natural disaster that was first deployed in the response to the tsunami.

On the operations side, the UNDG adopted a uniform approach to cash transfers in 2004, so that national partners can work with one method rather than many. It agreed to use more national systems for procurement, rather than the more typical practice of setting up parallel arrangements. Through a common services programme, UNDG agencies are now pooling their resources into cost-effective joint systems for managing travel arrangements, staff training, transport, and medical and mail services. A number of country teams share common office premises as well. Some countries with smaller programmes are rolling out a unified office pilot where the UNDG agencies are integrating all facilities and services, while the Southern Africa region is experimenting with a unified regional structure. UNDP, in a separate initiative, now hosts representatives of the UN Industrial Development Organization within its offices in 20 countries; the two agencies have also set up a joint private sector development programme in a dozen countries.

The UNDG agencies have actively solicited feedback as UN reform moves forward to ensure that their contributions to it remain on track. Governments have responded positively to harmonization, saying that it is reducing their costs for managing development assistance. The emphasis on their leadership is increasing interest and engagement, and encouraging mutual respect between donors and recipients. However, an external review of five pilot countries where UN harmonization has gone furthest also identified problems related to coordination, quality control and different understandings of results-based management—all issues that the UNDG will now begin to deal with.

Among the agencies of the UNDG, UNDP carries a particular responsibility as the overseer of the Resident Coordinator system. In 2004, we sought to bring new candidates into the system from other agencies, and to boost the numbers of women and candidates from southern countries. Much has been achieved through training and recruitment that places a strong emphasis on collegial leadership and team building. But in some countries, particularly those with complex programmes or undergoing some form of emergency, Resident Coordinators must contend with extremely heavy workloads—they also continue to manage the national office of their individual agency. In 10 crisis countries where the Resident Coordinator is also the UNDP Resident Representative, UNDP has already funded a separate UNDP Country Director post, allowing the Resident Coordinator to focus full-time on the UN country team. In 2005, this system will expand to up to another 10 countries.



Closer International Cooperation

UN reform contributes to growing global impetus around fine-tuning international assistance overall, and as the UN's principal development organization, UNDP leads in this larger arena as well. In early 2005, we helped convene the World Bank, European Commission and the OECD/Development Assistance Committee (DAC) to agree on common principles for fighting poverty in fragile states, where weak governance and institutions make it hard to deliver support that may be a lifeline for millions of people. At a forum on partnership for more effective development cooperation, held by UNDP and OECD/DAC, representatives from the latter met for the first time in eight years with a wide range of non-OECD governments and institutions involved in development cooperation. They endorsed the growing levels of cooperation between nations of the South, and singled out UNDP as well placed to facilitate collaboration between OECD and non-OECD countries.

Both of these meetings directly fed into the High-Level Forum on Aid Effectiveness, a major global meeting that brought together ministers from developing and developed countries. In the Paris Declaration on Aid Effectiveness, a follow-up to a 2003 agreement struck on aid harmonization in Rome, they agreed that while the volume of development resources overall must rise, aid must do more to support national capacities for stronger governance and improved development performance. They called for aligning aid with national priorities, simplifying procedures and ensuring more consistent flows of funds.

UNDP is well-positioned to continue making contributions to this process of closer international cooperation. We will draw on our history of trust and partnership with both developing and developed countries, and bring our expertise on capacity development to the work of the UN development system at large. Today, we stand on the stronger platform being built not only by the changes in the UN and international assistance systems, but also by our own extensive internal reform.

Iraq: UN Clusters Sow the Seeds of Peace

The August 2003 bombing of UN headquarters in Baghdad was a tragedy that forced the withdrawal of UN staff from Iraq. But despite the shock and sorrow that followed, the country's monumental humanitarian and development needs meant that the UN continued working from a temporary base in Amman, Jordan, and planning began almost immediately to return. Given the extreme dangers, and with the UN now an obvious target, there was no question of reverting to the former style of operation, where each agency ran its own programme.

Seeking to maximize benefits to the Iraqi people, make the most of its own capacity and maintain high standards of security, the UN country team came up with an innovative strategy that had never been used before. All agencies agreed to work closely together in 10 clusters. They would pool operational resources, rotate small numbers of international staff in and out of the country, and rely more extensively on the considerable talents of national staff members.

Including basics such as electricity, water and sanitation, health and governance, the clusters were fashioned around issues identified in a 2003 needs assessment carried out by the World Bank, UN and Iraqi experts. An eleventh cluster was added on electoral assistance as Iraq prepared for its election. By early 2004, the country team had appointed one agency to lead each cluster, delegating responsibility based on where organizations could make the strongest contribution. UNDP now leads four clusters: infrastructure and housing, mine action, governance and civil society, and poverty reduction and human development. A separate Emergency Response Working Group, comprising the UN agencies as well as NGOs, the Red Cross, the Red Crescent and Iraqi ministries, coordinates specific responses to humanitarian flashpoints, particularly in assisting thousands of internally displaced people.

Within the clusters, agencies work collaboratively. They combine their different areas of expertise to quickly and comprehensively respond to urgent needs as they arise, and adjust to national priorities as they evolve. This approach benefits the Iraqi government because newly formed ministries work with a unified group of agencies, rather than having to track an array of individual projects. To streamline funding, agencies apply through their cluster for project funds that are dispensed from the International Reconstruction Fund Facility for Iraq. Launched in early 2004, the fund was created to allow the World Bank and the UN to channel donor contributions to Iraq. The UN side, administered by UNDP, had disbursed nearly $500 million to cluster-led development projects by early 2005.

Even though it has still not re-established a full-scale physical presence in Baghdad, and conditions remain difficult, the UN has been able to achieve some tangible successes in Iraq—such as short-term employment, houses for internally displaced people, millions of school kits for children and revamped electricity grids. These are the seeds of peace. With expectations rising after a successful election, the government and the Iraqi people can help them grow into a stable transition to freedom and self-determination.

An Iraqi woman's purple finger is proof that she has cast her ballot in Iraq's elections in January 2005, the country's first free poll in half a century. A closely-knit UN team played an essential role in preparations for the voting, and continues to support Iraq's efforts to get its development back on track.

UNDP: A Better Business of Development

At UNDP, more than five years of rigorous internal reform have gone far in broadening our ability and our commitment to deliver development that makes a real difference towards achieving the MDGs. We have successfully confronted the enormous challenge of linking offices in 166 countries into an updated and cohesive organization, while deepening our capacity to respond with precision and efficiency to individual countries. We have used new wave technology to share knowledge, strengthen our operational backbone, and become more transparent and accountable. Results-based management now links all of our programmes to the MDGs, and includes assessments of how well we perform on every project in developing national capacities, forging partnerships and furthering gender equality. In 2005, in our sixth annual Global Staff Survey, members of our global team revealed unprecedented confidence in their work and UNDP at large.

By streamlining our programme activities under our five practices, and reinvigorating our traditional core mission of capacity development, we have sought to focus our efforts on what we do best—by 2005, for example, we had become the largest international procurer of assistance for elections. We have delivered as well in areas where we can offer new services based on evolving needs. Our Bureau for Crisis Prevention and Recovery, created in the midst of an escalating number of conflicts, has brought our development expertise into bridging crucial gaps between crisis and reconstruction in countries around the world. In reaching out to private sector and civil society partners, at times through models unique within the UN system, we are tapping new sources of innovation, along with additional human and financial resources required to achieve the MDGs.

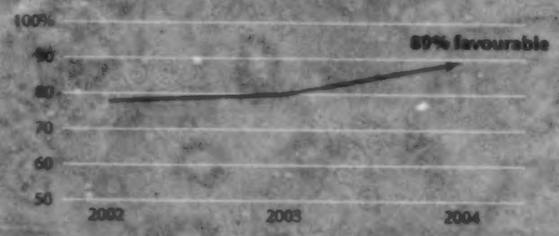
"UNDP is perceived to be a crucial player in the international efforts for development—both as a multilateral organization with its own programme and through its role as coordinator of the UN development system."

The Multilateral Organizations Performance Assessment Network (Austria, Canada, Denmark, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom, with Finland and Ireland as observers)

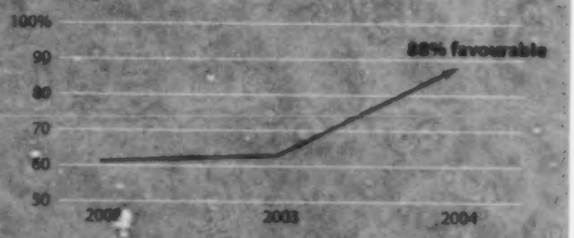
High Scores for Partnership

To help guide our transformation, UNDP has asked for annual feedback on performance from national, regional and global partners. In 2004, they lauded our strong support to national development priorities.

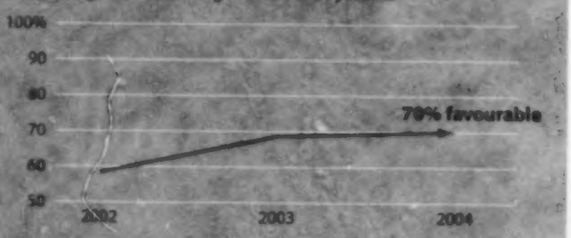
UNDP's projects and programmes reflect national priorities



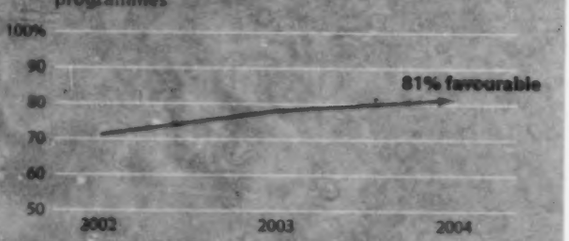
UNDP involves beneficiaries in its projects and programmes



UNDP is effective at integrating projects and programmes into government systems



National ownership of UNDP projects and programmes



Source: UNDP Partner Survey 2004

Donors and programme countries have recognized the remarkable transformation that has taken place at UNDP. Overall resources have soared by $1.6 billion since 2000. In 2005, the UK's Department for International Development (DFID) released an assessment of the organizational effectiveness of 23 multilateral organizations, and rated UNDP number one on internal performance, country-level results and partnership. The assessment called UNDP "strategically focused," lauded our rigorous financial planning and controls, and noted UNDP's leadership in harmonizing procedures within the UN system and the larger donor community.

In 2004, UNDP continued building on these substantial accomplishments. We moved closer to the countries we serve by decentralizing headquarters-based programme and support functions and establishing a regional office in Johannesburg, joining our existing regional facility in Bratislava. Other regional offices opened in Bangkok and Colombo in 2005, and more are slated for the future to help UNDP provide closely attuned assistance to national offices in surrounding countries. The Bangkok office took on an entirely new level of responsibility early in 2005 when it became the main hub for supporting UNDP's response to the tsunami.

A major step forward was the 2004 implementation of Atlas, an enterprise resource planning system devised through collaboration with the UN Population Fund and the UN Office for Project Services. The rollout was unprecedented in its scope—at UNDP, it stretched across 143 of our offices. Using best-practice business methods and state-of-the-art technology, Atlas links data on projects, finances, human resources and procurement. It allows all offices to work on the same system and access the same information, guaranteeing a higher level of organizational transparency. Managers can now see who is doing what by logging on through any computer in the world. UNDP offices have lauded Atlas for allowing them to do more with less time and fewer staff—the reduction in time spent on procurement processes, for example, is as much as 20 percent. Funds dispersal has been significantly eased, and Atlas' e-banking option has proved a huge advantage in countries without established banking systems.

A new Internal Control Framework debuted in 2005 to ensure that Atlas corresponds with UNDP audit and financial control principles—a way of assigning responsibility that has not been possible in the past. We are also preparing for a global rollout of the Prince2 system for project management, widely recognized as an international best practice. By giving UNDP a standardized system for managing the projects it carries out worldwide, Prince2 will boost transparency in tracking project risks and results, and will enhance our capacity for tailoring projects to country needs.

"I chose to become Goodwill Ambassador for UNDP partly because of its focus on the Millennium Development Goals, and partly because of its coordinating role within the UN family. Since UNDP is responsible for coordination of all UN agencies, my engagement with them is an engagement with the whole UN family."

UNDP Goodwill Ambassador and Norwegian Crown Prince Haakon

We are stepping up investments in our human capital through initiatives that hone the skills of our staff. Our online Virtual Development Academy now engages 10 to 15 percent of our professional staff at any one time in professional learning. In our fourth year of running this service, we have been able to decrease its costs by 30 percent. In 2004, we added courses on development economics and communications, and struck new partnerships to bring in faculty contributions from the London School of Economics, among other prominent academic institutions.

A Practice Experience Map, set up to identify and track staff competencies related to our practices, is helping us develop better training strategies overall. We are also moving forward on personalized learning plans that will not only ensure professional standards and back corporate priorities, but will pinpoint individual learning needs. This increased efficiency is expected to result in further cost reductions.

Other efforts are underway to reduce the time required for appointments, reassignments and separations. A new succession management policy has been designed to introduce a transparent and competitive placement process, and to help in adhering to corporate requirements, such as balance in terms of gender, geographical representation and movement between different regional bureaus. A Web-based corporate gender scorecard will help lead UNDP to gender parity at all levels by 2010.

In these and all other areas, UNDP will stay firmly committed to remaining among the top international organizations working on development, and pushing forward wherever we need to improve ourselves. Fueling our continued drive will be the larger purpose of making our greatest contribution to a UN system best equipped to support countries in achieving the MDGs, and in spreading the twin benefits of peace and prosperity to the world.

Inside UNDP, Confidence Has Soared

Year	1999	2000	2001	2002	2003	2004
No. responses	*3,395*	*2,298*	*3,235*	*4,443*	*5,228*	*5,895*

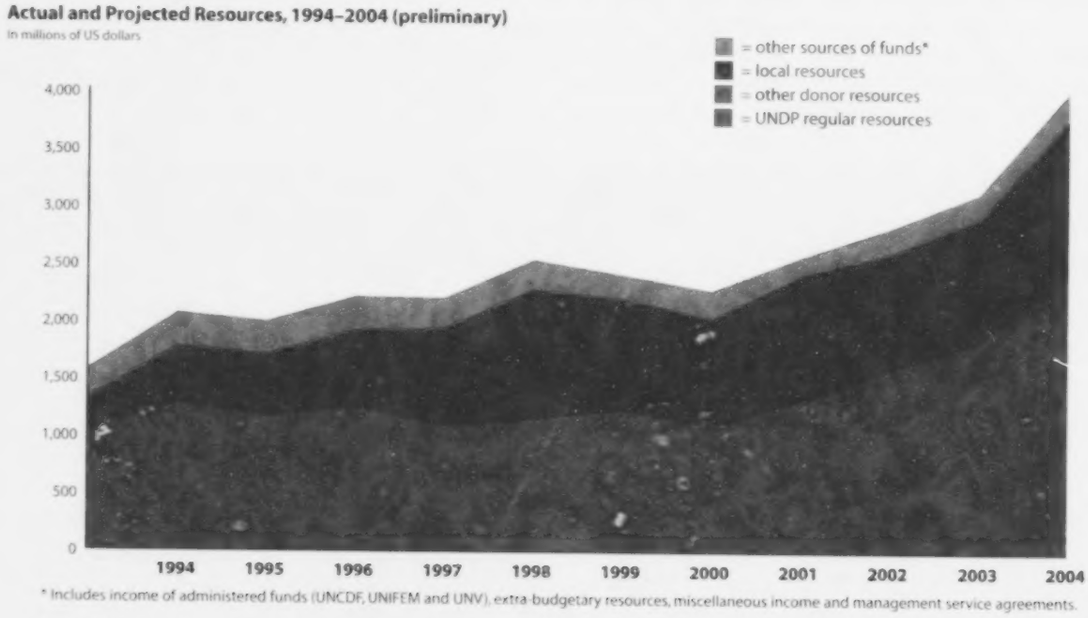
Question

Resources

UNDP's total income in 2004 reached $4 billion. The upward trend in regular (core) resources that began in 2001 continued. At $842 million, regular resources exceeded the interim target of $800 million set for the year in the 2004-2007 Multi-Year Funding Framework (MYFF). This marked the first time since 1997 that regular resources surpassed this level. While UNDP is still far from achieving its $1.1 billion overall MYFF target, meeting the interim goal in the first year of the framework is very encouraging and indicates that the longer-term target is within reach. Multi-year funding commitments made by several donor governments have helped increase the predictability of UNDP's regular funding base.

Other (non-core) contributions to UNDP also rose significantly in 2004, from almost all sources. Virtually all OECD/DAC donors are active in co-financing UNDP programmes related to its practices.

Actual and Projected Resources, 1994–2004 (preliminary)
In millions of US dollars



* Includes income of administered funds (UNCDF, UNIFEM and UNV), extra-budgetary resources, miscellaneous income and management service agreements.

Source: BRSP, UNDP

Donor co-financing topped $1.5 billion in 2004, resulting in a total of $2.4 billion in income from donors. Local resources, channelled through UNDP by programme country governments in support of their own development programmes, totalled close to $1.4 billion. As country-level aid mechanisms diversify and multiply, UNDP is being called on more and more to support governments to obtain, direct and manage different types of funding in accordance with national priorities.

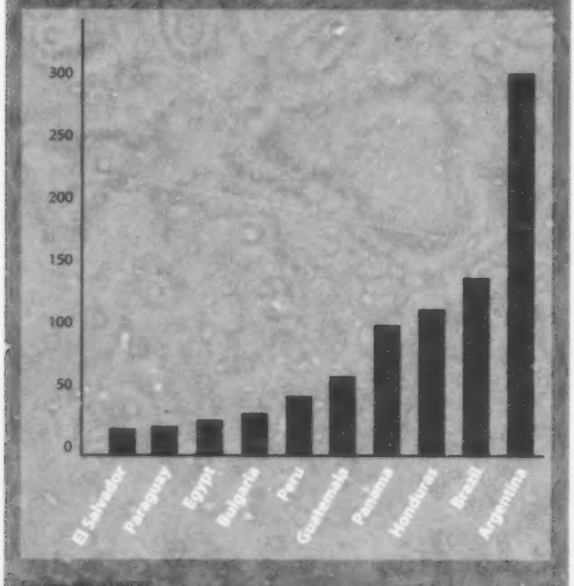
Donor co-financing and local resources represent an important complement to the regular resource base of UNDP, permitting the strengthening of existing programmes, and fostering partnerships with a range of actors, including the European Commission, regional development banks, the World Bank and the private sector. However, these two non-core sources and regular resources are not interchangeable. UNDP's ability to mobilize non-core resources depends on having an adequate, secure multilateral base from which to provide its proven development expertise.

How Does UNDP Compare?

Agency	Internal performance	Country-level results	Partnership	Total scores*

Local Resources—Top 10 Programme Countries 2004 (preliminary)

In millions of US dollars



Source: BRSP/UNDP

Gross Income Received in 2004 (preliminary)

Ranked by top contributors to regular resources. In millions of US dollars

Donors	Regular resources	Other resources
United States	98.71	144.67
Norway	97.77	73.58
Netherlands	93.74	83.27
Japan	86.77	92.57
Sweden	85.19	64.77
United Kingdom	72.31	161.06
Denmark	60.28	27.09
Canada	47.88	50.25
Switzerland	41.27	15.86
Germany	33.25	23.24
France	20.06	9.36
Italy	18.27	51.88
Finland	17.15	11.56
Belgium	15.87	21.08
Ireland	15.79	10.10
Spain	8.15	1.43
Austria	5.48	2.83
Australia	5.03	11.91
India	4.57	0.18
New Zealand	4.27	6.88
China	3.20	1.38
Saudi Arabia	2.00	7.69
Republic of Korea	2.00	1.18
Portugal	1.60	2.33
Luxembourg	1.39	2.87
Cuba	1.35	—
Mexico	1.00	2.64

*All donors to regular resources contributing $1 million or more.
Note: The European Commission is a major source of non-core funding to UNDP. In 2004, it provided $226.5 million.

Source: BRSP/UNDP

Acronyms

BRSP
Bureau for Resources and Strategic Partnerships

CIS
Commonwealth of Independent States

DFID
Department for International Development (United Kingdom)

GEF
Global Environment Facility

LDCs
Least developed countries

MDGs
Millennium Development Goals

NGO
Non-governmental organization

NHDRs
National Human Development Reports

ODA
Official development assistance

OECD/DAC
Organisation for Economic Co-operation and Development/Development Assistance Committee

SACI
Southern Africa Capacity Initiative

SADC
Southern African Development Community

TICAD
Tokyo International Conference on African Development

UNCDF
United Nations Capital Development Fund

UNDG
United Nations Development Group

UNDP
United Nations Development Programme

UNIFEM
United Nations Development Fund for Women

UNV
United Nations Volunteers

WHO
World Health Organization

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Cover, clockwise from upper left corner:

Viet Nam: In the village of Hoa Phong, small-scale entrepreneurs sell fresh produce at a market. The community considers the market a priority investment in bolstering local economic growth. Adam Rogers/UNCDF

Colombia: During a march for peace that started in Medellín and ended in the small town of San Francisco, people carried coloured flags to symbolize diversity and solidarity. Pontus Ohrstedt/UNDP Colombia

Nigeria: A loan officer with the Lift Above Poverty Organization, a microfinance group, checks the records of her clients. Adam Rogers/UNCDF

Syria: As part of the rebuilding of the village of Zeyzoun, destroyed by a burst dam, a mason works on a new mosque. Haretha Youssef/UNDP

Benin: A woman in the northern part of the country fulfilled a lifelong dream of learning how to read and write through a UNCDF programme. Adam Rogers/UNCDF

Guatemala: After 25 years of civil war, former guerrilla Felisa Rosale was able to return to a normal life by growing crops on land purchased under a UNDP reintegration programme. Nancy Girr/UNDP

Albania: Women from different communities in the Kukes region discuss gender in a development plan for achieving the MDGs. Nora Kushti/UNDP Albania

India: A man in the northern state of Rajasthan checks the progress of his crops. AP Photo/Manish Swarup

Iraq: A woman celebrates the casting of her vote. AP Photo/Andrew Parsons/Pool

Poland: A poster on a bus stop is part of a campaign to rally support for assisting other nations. Jan Szczycinski/UNDP Poland

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